



GENERAL

BUSINESS

Leyland clear, chief claims

Gilts lose 0.56; Wall St. off 9.16

British Leyland's investigation of slush fund allegations has so far revealed no evidence of bribery or corruption. Sir Richard Wilson, chairman, told shareholders yesterday, adding that the company expected to be cleared of the "charges and innuendos" levelled at it.

Chairman's representations by Sir John Capper-Neill, the Royal engineer on the Press is to consider further its draft report concerning the issues raised in Pauls' Mail allegations. British Leyland slush fund

The TUC is also to ask the Royal Commission to deal with this issue and to ask the Prime Minister for an independent inquiry into the affair.

Meanwhile, the bid battle between Associated Newspapers, which owns the Daily Mail, and International Newspapers erupted yesterday when Sir Charles Atkinson, managing director of the Daily Express, launched a counter-attack on Mr. Vera Hirschman, chairman of Associated. Pages 3 and 12

Slush rules out blackmail

London's Carter said that the Crown Prosecution Service would not use its criminal powers to make decisions. Page 7

Police give Rees still reception

After a speech to the Police conference at Scarborough, Mr. Michael Rees, a former police officer and solicitor, Mr. Rees said that in a speech to the hall he was "a little bit angry and police

How to poll

It is to be a general election on 13. Mr. Liam Cosgrave, Minister, announced last

Deau scores

For the Liberal's Liberal Deau scored four seats in the 1970 Federal Parliamentary election, which had been decided by a non-referendum vote of independence. Page 5

Plan proposal

After 8,000 passengers held up last night on a cross-Channel flight to 30 British fishing boats, it was decided to cancel the flight at 3 a.m. this morning.

Stilettos parade

Up to 8,000 people will take a sponsored walk through the City of London on Saturday in aid of the Silver Jubilee Appeal. Organised by the City of London Corporation.

Liverpool win

26 local football clubs in West Germany have been invited to win the European Cup Final in Rome. Page 2

Just in case

The Government has spent an estimated £125 of Ugandan francs in preparation for the Commonwealth conference in London, the Commons were told.

Briefly...

Seven people died and 12 were injured in a blaster at New York hotel and Turkish baths fire. Page 4

West Germany plans to order 1,000 Leopard 2 tanks costing £1.6m. Page 4

The Central Electricity Generating Board has fixed a maximum load at Duxbury, Glos., following a fire's death after an accident at Berkeley nuclear power

station. Page 20

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

	UP	DOWN
Thermal Construcn.	54 + 3	10
Iron Rubber	134 + 10	10
Unilever Steel	145 + 12	10
Unilever (A)	343 + 24	10
Edwards	43 + 12	10
Edgar Sims	25 + 74	10
Op. Green	189 + 30	10
Standard Int'l.	123 + 19	10
Standard Heds	146 + 8	10
Telef. & Cables	197 + 11	10
Telef. & Cables	368 + 8	10
Telef. & Cables	483 + 17	10
Telef. & Cables	126 + 11	10
Telef. & Cables	188 + 12	10
Telef. & Cables	118 + 12	10
Telef. & Cables	158 + 13	10
Telef. & Cables	926 + 16	10
Telef. & Cables	218 + 11	10
Telef. & Cables	172 + 14	10

Labour should give 'quit EEC' pledge says Left-wing

BY RUPERT CORNWELL, LOBBY STAFF

The pent-up frustration at Mr. James Callaghan's policies among Labour's Left-wing exploded last night as the Tribune Group of MPs issued a public declaration demanding that the party commit itself to take Britain out of the Common Market.

This head-on challenge came from Britain out of the Common Market that the arrangements enclined the Government, and

Minister had given Labour's Left-dominated national executive committee a lecture on the political facts of life that determined his Government's survival.

His message to the policy-making NEC was simply that the next general election on an anti-Common Market platform.

But the full account had to be taken of the Liberals' desire for proportional representation in the promised direct elections.

At the NEC meeting, two prominent Left-wingers, Mr. Norman Atkinson and Mr. Len

McKirdy, made perfectly clear to Mr. Callaghan their view that a pledge to pull Britain out could be the surest vote-winner of all.

Then he warned bluntly: "The Labour Party could easily wreck itself on the issue. There will have to be give-and-take on both sides."

The Prime Minister and the deputy leader, Mr. Michael Foot, went out of their way to soothe ruffled feathers in the NEC by denying that the 13 Liberals

MPs had access to better consultations with Ministers than Labour backbenchers themselves.

Mr. Foot assured Mr. Eric Heffer, the Left-wing MP who

tried unsuccessfully in March to force an emergency meeting of the NEC to discuss the Liberal

party that he had against the idea of a permanent committee.

At the same time, many Left-wing Labour MPs believe that with the Liberal deal, the party has sacrificed its principles—a further contribution to its dismal by-election performances lately.

But Mr. Callaghan told the

Murray warns against talk of 'Phase Three'

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

MR. LEN MURRAY, TUC General Secretary, yesterday, warned against talk of a Stage Three or Phase Three incomes policy in case it implied a repeat of the strict wage limits of the last two years.

To avoid the impression that the next round would be "the mixture as before," it was better to speak of the need for an understanding with the Government, he said.

Mr. Murray's carefully non-committal description of what could emerge from the TUC-Government talks that will probably start early next month comes at a time when the voting at trade union conferences on the principles of a Phase Three agreement is running two-to-one against.

It also reinforces the hints being dropped by some Ministers that although a Phase Three agreement must be struck, it may not contain an overall earnings degree of flexibility that will have to be allowed for.

Mr. Murray, speaking after yesterday's meeting of the TUC

general council—at which pay was not discussed—said: "I remain convinced both of the desirability and the likelihood of becoming the Government's agent rather than pursuing the policies decided on by its 113 affiliated unions."

He added that his trip to the union conferences and round the country had shown there was a wide view of the need for such an understanding with the Government.

Mr. Murray's assessment did not mark any great departure from his previous, equally cautious, statements about incomes policy. But his use of the word "understanding" further excited suspicion that the Phase Three agreement will

scarcely resemble an incomes policy.

Despite its understandable desire about the future of wage restraint, the TUC is to be severely criticised by one of the two civil service unions for sticking too close to the Government line.

The Society of Civil and Public Servants has asked for a meeting with the TUC general council to take up accusations

of "encouraging" the Government to do the same.

Mr. Murray, speaking after yesterday's meeting of the TUC

general council, said: "There must be an end to the systematic

reform of the social contract. Neither is true.

The TUC policies on public expenditure, prices and investment have not only been ignored, but

reversed.

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EUROPEAN NEWS

French unions demand for wage negotiations renewed

BY DAVID CURRY

ANXIOUS TO maintain the initiative created by yesterday's general strike, the leading French unions have renewed their demand for "real negotiations" on wages. M. Georges Seguy, who leads the Communist-affiliated CGT, has written making this demand to the employers' organisation, the Patronat. M. André Bergeron, the leader of the moderate Force Ouvrière union which yesterday took joint action with the militant unions for the first time since 1984, has restated his demand for direct talks with the Government. He has asked for a meeting

with President Giscard d'Estaing and M. Raymond Barre, the Prime Minister, to express his union's dislike of the suspension of collective agreements worked out at the end of the 1980s which prescribe wage increases in excess of rises in the cost of living.

Meanwhile, Mr. Barre's lack of room for manoeuvre, even should he want to make a gesture to appease the more moderate unions and isolate the more politically-involved CGT and CFDT which have been the most persistent challengers to his economic policies, was underlined to-day by indications that

the April cost of living index could be up by more than anticipated. The index could be as much as 1.2 per cent higher than in March, when it was already steeply up on the previous month.

By itself, this will cause no great surprise. A series of public tariffs were increased by 6.5 per cent on April 1—the Government's norm for price and wage increases—in order to restrain the deficits of State enterprises. The Prime Minister has warned repeatedly that the cost of living will rise sharply over the spring, before moderating in the summer.

However, rises of more than 1 per cent in April, after 0.9 per cent in March and 0.7 per cent in February, will certainly reinforce the unions' claims that the real purchasing power of their members is not keeping pace with inflation according to the Government's intentions, and that the increases in certain benefits to apply from July 1 are inadequate.

It is likely that manufactured products will have helped the index upwards in April, and as the Government is attempting to stagger the unfreezing of prices over the whole year there are certainly some significant rises still to come. Commentators are pointing out that, excluding the effect of the reduction in value added tax on the January index, the annual rate of cost of living increase is now around 12 per cent.

Yesterday the Prime Minister reaffirmed his determination not to be influenced by the strike into going beyond the limits for pay rises imposed by his plan. However, it is thought that he may be tempted nevertheless to make a gesture towards the moderate unions by bridging the narrow gap separating the two sides on pay in the public service and possibly by raising the minimum wage.

Such moves would be unlikely to satisfy the CGT and CFDT who have already said that further action could be taken before the summer, although probably of a more scattered and sectoral nature than yesterday's general strike which left the country's economic activity severely reduced but far from paralysed.

Both steps show concern that the economic upswings may be faltering and that, in any case, there are areas of structural unemployment which will not vanish even if the hoped-for real GNP growth of 1 per cent this year is attained.

In any event, the CFDT has said it will seek an early meeting with the two other militant unions, the CGT and the FEN education union to work out the next round of protest, while the CGT itself is to make contact with the moderate unions to try to persuade them to endorse further joint action.

Polish Minister recuperating

By David Lascles

MR. HENRYK Kiesel, the Polish Finance Minister, is recovering in Warsaw from a major operation for what Polish sources say was at one time an "extremely dangerous" case of cancer.

Mr. Kiesel, 55, was flown to London for the operation which took place at the beginning of this month in St. Marks Hospital. He returned to Poland ten days ago and is now recuperating and undertaking light work.

The Minister is a key figure in Poland's attempts to extricate itself from its present economic difficulties, which include large debts to the West.

It was with the structural problem in mind that the Cabinet

to-day assigned DM600m. for this series of administrative changes to be put into effect by January. For example a jobless person who refuses work he could reasonably be expected to receive money for a shorter period. This follows reports of increasing numbers of "black sheep" who are jobless by design, refusing work offered and collecting unemployment money which in West Germany amounts for the first year to 68 per cent of former net income.

The Government also decided to earmark for 1978 DM1bn. to encourage social housing projects. This marks the continuation of a plan already approved for this year and should safeguard jobs not only in the construction industry but also in the many branches which keep it supplied.

Beyond these main steps a

THE

MOLUCCANS

A tightly-knit, isolated community

BY DAVID BUCHAN

PARIS, May 25.

DUTCH POLICE and Army today tightened their siege on the Moluccan gunmen in the Bovenmilde school in northern Holland, as the 2.00 pm deadline set by the gunmen came and went. Dutch authorities are more worried about the Bovenmilde siege than the hijacked train to the north of here, because of the 105 school children hostages.

This afternoon I was stopped by armed police in open country from reaching that part of the Bovenmilde housing estate that holds some 750 Moluccans. But I got near enough to see the reason behind the new restriction: police sharpshooters have even moved into upper storeys in houses in the Moluccan sector which abuts on to the besieged school area. The Moluccan population, gaudily dressed in the hot sunshine, to-day kept very much to itself. Only a few Moluccan women ventured out to shop, carefully avoiding both the Press and the school buildings (a Dutch marine unit is in the kindergarten section).

From what can be gleaned of the general Moluccan mood, their reaction to the moves of the gunmen, who are said to be outside the official Moluccan National Liberation Organisation (MNOS), is ambivalent. Some Moluccans deplored yesterday's depression of the price of rice used by the gunmen, but

sympathised with the aim of drawing attention to the plight of the 35-40,000 Moluccan community in Holland. While some Moluccans have appealed to the gunmen to give themselves up others resident in Bovenmilde have driven through Army checkpoints sporting the red, green and black flag of the Moluccan movement.

The Moluccan communities are in general tightly knit. An



A group of South Moluccans returns from the Bovenmilde school after a vain attempt to soften the gunmen's resolve.

indication of this is the apparent provided there with free housing, range had no apparent effect.

inability of the Dutch police to The move was an abortive. The move away from their attempt to integrate than the traditional form of society has

infiltrated the activists, which police estimate puts at no more than a hundred. The Bovenmilde community, from which came some of the gunmen who seized a train in December 1975 at nearby Bellen and from which some of the present gunmen may

now be drawn, is a mix in point. Together since Indonesian in-paint

involved with the Dutch state, following which the heavy sentence passed was 14 years.

After the 1975 incident, there has been no

attempt to make things better. One local police chief c

mented to-day that the answer to the gunmen was "bullet, bullet". But a

never get that in to-d

Holland.

A lot of Moluccans lost th

jobs recently in the Assen when a food canning fact

closed down. Local authori

in Assen say that it has be

even harder for Moluccans to

jobs since the December 1

incident. Some attempt

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Moluccans, but the latest

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Senate.

New West German measures to cut jobless

BONN, May 25.

THE West German Government has approved new measures to counter unemployment and has countered unemployment and has increased tax on a tax increase next year on grounds it might have dampened internal demand.

Of the total DM270m. is aimed at creating social service jobs for women seeking part-time work. Of the more than 1m. unemployed in West Germany, about half are women, most of whom either do not want or can not take full-time jobs.

The Government also decided to earmark for 1978 DM1bn. to encourage social housing projects. This marks the continuation of a plan already approved for this year and should safeguard jobs not only in the construction industry but also in the many branches which keep it supplied.

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At best

AMERICAN NEWS

U.S. steel workers agree income protection deal

BY JOHN WYLES

THE UNITED Steel Workers of America has made further gains in their earnings protection plan. Entitlements have also been increased to a level which various wage and workers with more than 20 years' service are promised 95 per cent. Steel industry guarantees offer 90 per cent for workers with more than 20 years' service.

The USW has also secured significantly better lay-off pay provisions than in the recent steel industry pact. Workers made idle through recession will be paid 70 per cent of their wage for up to a period of two years. If they have 20 years or more of service while workers in the ten to 20-year group have the same guarantee for 18 months.

These payments are guaranteed by the companies even if the trust funds financed by employer contributions run dry.

In return for significantly increased pensions, the USW has agreed to abandon the controversial cost of living-adjusted pension scheme which was a feature of the aluminium industry's 1974 pay deal.

The main companies whose workers will benefit from the pact include the Aluminium Company of America, which the union had selected as its target company for an agreement to be followed up by the others—Alcoa, Reynolds Metals, Kaiser Aluminium and Chemical and Revere Copper and Brass.

Only one other state, Rhode Island, makes similar payments, and industry here, although 28 others grant benefits to strikers when a company is hard for the judgment to continue to operate during a stoppage.

His ruling has delighted business and industry here, but although 28 others grant benefits to strikers when a company is hard for the judgment to continue to operate during a stoppage.

The key item in the bill contains crop price supports. The Senate, Carter farm Bill clash

BY OUR OWN CORRESPONDENT

NEW YORK, May 25.

FEDERAL court ruling looks to bring an end to a 40-month strike in 1971-72 by New York State to draw workers who reportedly received payment after they have \$49m. in unemployment benefits.

In its suit, the telephone company contend that state's unemployment fund, the New York law compelled them to subsidize strikes against themselves.

Only one other state, Rhode Island, makes similar payments.

Business and industry here, although 28 others grant benefits to strikers when a company is hard for the judgment to continue to operate during a stoppage.

The key item in the bill contains crop price supports. The Senate, Carter farm Bill clash

BY JUREK MARTIN, U.S. EDITOR

PRESIDENT Jimmy Carter's price supports averaging an estimated \$3.9b. a year over the next five years.

The Administration's proposal was directly challenged in the Senate last night when the upper house approved a farm bill.

Mr. Carter's financial austerity triumphed.

The matter will now be taken up by the House, probably in four to six weeks time.

The House agriculture committee has adopted crop price supports much closer to the levels favoured by the Administration, though still appreciably above them.

However, the House may not go along with the recommendations of its committee. The Senate, for example, ignored the arguments of Senator Muskie, its budget committee chairman, who claimed that the farm bill violated the budgetary ceilings laid down by joint congressional resolution earlier this month.

Earlier this week, Mr. Bert Lance, the Budget Director, was warned that hard choices had to be made.

With a overwhelming 66-10 vote, pro-Lance, the Budget Director, for federal outlays in

was hard for the judgment to continue to operate during a stoppage.

The Senate, Carter farm Bill clash

BY JOSEPH MANN

CARACAS, May 25.

THE VENEZUELAN Government said that work would be temporarily closed down at the country's largest iron mines in Cerro Altamira iron Bolívar and El Pao.

The due to depressed conditions Altamira operation, still in the international market development stage, will be closed down by joint congressional resolution earlier this month.

Reuter reports.

At current prices, that's how much the total estimated reserves of commercially recoverable North Sea oil are worth.

Shell reckons the current account benefit to be over £5,000,000,000 by 1980. By any reckoning, that's an impressive sum of money. For British industry it can mean the difference between further decline and a new competitive strength in the years ahead.

The opportunity to invest this money well must not be missed.

Whether it is the challenge of

Britain's new oil wealth; the blossoming of a new idea; an analysis of

opportunities in a competitive market;

the prospects of pay-squeezed middle management; union attitudes to

change—the chances are you'll find it in The Engineer.

Every week it provides engineering

management with practical information

or work. It contributes to an understanding of the difficult problems

NYC credit rating upgraded by Moody's

INDICATIONS of an improvement in the financial market's perception of New York City's finances emerged on Tuesday with a decision by Moody's Investors Service to upgrade its credit rating on city bonds and bonds of the municipal Assistance Corporation (MAC). Stuart Fleming writes from New York.

The MAC was originally set up as an independent agency to help New York with its finances. Moody's, one of the two key credit rating agencies whose judgments influence investors' attitudes towards fixed interest investments, raised the MAC rating from 'B' to 'B+' and MAC's city securities from 'Caa' to 'Caa2'.

These ratings are guaranteed

by the companies even if the trust funds financed by employer contributions run dry.

In return for significantly increased pensions, the USW has agreed to abandon the controversial cost of living-adjusted pension scheme which was a feature of the aluminium industry's 1974 pay deal.

The decisions will probably help the stock market prices of the securities of the city, bringing closer the day when New York can consider re-entering the bond market for new finance, although this is not some way off.

Car sales fall 5.2%

THE 'Big Four' U.S. car makers have reported a 5.2 per cent decline in mid-May domestic car sales, for which they blame buyer uncertainty stirred by President Jimmy Carter's gas guzzler tax and small-car rebate plan. UPI reports from Michigan, Industry sales for the May 12-20 period totalled 3,047,700, down from 3,103,839 during the same period in 1976. Only Ford Motor Company reported a sales gain.

But though sales were down, it was still the third-best mid-May showing ever and analysts said the industry still was well within reach of the 11.2m. car sales this year predicted just weeks ago by top executives at Ford.

Mitchell manoeuvre

Lawyers for former Attorney-General John Mitchell yesterday tried an unusual legal manoeuvre to win time for another attempt to keep their client out of prison for his part in the Watergate scandal, Reuter reports from Washington. The lawyers asked the Supreme Court to delay notifying a lower court of its intention to seek an appeal from Mr. Mitchell's minimum prison sentence of 30 months to eight years. Legal sources said that it was an unusual manoeuvre with little chance of success.

Belize defence call

Belize will ask Commonwealth

countries to establish a peace-

keeping force in the British

colony, claimed by Guatemala, to

guarantee its independence and

territorial integrity. The Govern-

ment radio announced yesterday,

Reuter reports.

Trudeau's Liberals retain four seats in Quebec

MONTREAL, May 25.

THE LIBERAL party of Prime Minister Pierre Trudeau retained four seats in federal elections in Quebec yesterday, fighting off the challenge of the Progressive Conservative party for 25 years.

Opposition candidates some of whom were tacitly supported by the separatist Parti Québécois,

Mr. Trudeau's party also scored a by-election success on Prince Edward Island, winning a seat there that had been held by the Progressive Conservative party for 25 years.

A fifth Quebec seat at stake was retained by the Social Credit party.

The Prime Minister told

reporters in Ottawa that the Liberal victories could be attributed to his government's stand on national unity, its handling of the economy and the people's belief that his Cabinet could manage the country "in every sense."

With today's results, the Liberal party holds 137 seats

in the 264-seat federal parliament.

The fortunes of the federal Liberal party have slumped in Quebec in recent years—it has lost three out of four by-elections there since 1974—and today's victories were a cause for celebration among many MPs in Ottawa. Reuter

Sparring points to Ottawa

BY W. L. LUETKENS

THE FIVE Quebec by-elections were held in advance as a mini-referendum on the independence of Quebec. But their actual meaning is much more limited, since the Parti Québécois, the party of sovereignty for Quebec, was careful to avoid a confrontation.

What the results do mean, in conjunction with the by-election victory of the Liberals in Prince Edward Island, is that the stock of Mr. Pierre Elliott Trudeau, the Liberal federal Prime Minister, is once again high. If he so chooses he could now plan for a federal election this year instead of waiting until 1979 or even 1980. But it is far from clear whether he intends to do so.

In the last days of the by-election campaign, as the current appeared to be flowing his way, Mr. Trudeau discarded his previous reserve and argued that a Liberal success would be a setback to separation and the Parti Québécois cause. But the fact is that the PQ nominated no candidates of its own, though at least two constituencies it tactfully supported the opposition to the federal Liberals. Had it called upon its supporters to abstain, it preferred not to.

It preferred not to

mention the term "separation" or "independence" in its campaign.

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HOME NEWS

Receiver put into Hacker Radio

FINANCIAL TIMES REPORTER

HACKER RADIO one of the few small companies remaining in the British consumer electronics business, has gone into receiver-ship.

The news comes in the middle of the round of trade shows being held in London to replace the old Radio Show, with such depressing talk of industry contraction and take-over.

While most of Britain's radio market and much of its hi-fi and television trade has gone to Japanese and other Far Eastern manufacturers, Hacker has remained a steadfastly British marque.

Last night the main debenture holder, the National Westminster Bank, appointed Mr. Peter Dubuission, of accountants Bindler and Hamblin, as receiver.

Mr. Dubuission said: "I am carrying out a thorough examination of the whole business. The order position is good and I am hoping to sell the business as a going concern. A number of people are already looking at the business, including one or two

The company has recently been producing new models. Mr. Dubuission said he was offering a "neat, tidy unit" to potential buyers.

The Hacker brothers, now in their 80s, previously started Dynatron, a company which they sold in 1958 and left four years later.

Brick output decreases

By Michael Cassell, Building Correspondent

BRICK PRODUCTION and deliveries fell last month, according to provisional estimates from the Environment Department. Manufacturers produced 400m-bricks, compared to 450m in the previous month and 467m a year earlier.

Deliveries dropped from the March total of 415m to 383m—a fall of nearly 100m from April last year.

Stocks at the end of April stood at 827m, a rise of 17m from the preceding month and nearly 300m up on April last year.

Both have moderate volume in relation to the UK market and are insignificant in a wider, European context. They have been prey to considerable take-over speculation. But it is still a matter of some concern that any new partner in the enterprise will need to solve.

The first is its weakness in the market. This flaw was recognised by Foden in the early 1970s when it embarked on an ambitious expansion plan.

Wintour launches attack on Vere Harmsworth

FINANCIAL TIMES REPORTER

THE SIMMERING bid battle between Associated Newspapers, newspaper's rival was underlined which owns the Daily Mail and when he went on to attack the Evening News, and Beaver strategy of Associated Newsbrook Newspapers, owners of the papers.

Wintour, managing director of the Express, launched a bitter attack on Mr. Vere Harmsworth, chairman of Associated.

"The only reason why Mr. Vere Harmsworth is chairman of Associated Newspapers," Mr. Wintour told an Automobile Association audience, "is that he is the son of the second Lord Rothermere."

The second Lord Rothermere had this in because he was the son of the first Lord Rothermere. The first Lord Rothermere had the Daily Mail because he was the brother of a real newspaper genius, Lord Northcliffe."

Mr. Wintour was taking the opportunity to follow up the Prime Minister's comments on Tuesday when Mr. Callaghan had described the Daily Mail's conduct over the Leyland "slush fund" affair as "contemptible".

Publication of a letter which purported to show connivance by the Government and the National Enterprise Board had "reduced me aware of the 'potential conflict of interest' between the two functions. There was no suggestion that Mr. Durie had behaved improperly."

The point was pertinent because of the "hard-selling line" adopted recently by Mercantile Credit.

Lord Erroll of Hale, association chairman, said that the AA's agreement with Mercantile Credit had been drawn up before Mr. Durie joined the Board of the finance company.

Lord Erroll paid tribute to Mr. Durie's work over the past 13 years as chief executive of the association. "With his vision, business acumen and energy Mr. Durie has guided the association through a most difficult period."

Professor Edmund Wright, treasurer, said that last year's surplus of £680,000 reflected credit on the staff, management of funds, and the association's financial controls.

speech by itself would have very little effect on the state of negotiations between Associated Newspapers and the Beaverbrook Group over the future of the Evening News and Evening Standard. Associated may also make a full scale takeover bid for Beaverbrook.

It was pointed out that the timing of the statements coincided with a growing interest in some circles that it might be inappropriate in the wake of the Daily Mail story on British Leyland, for the moves to go ahead.

Last night, merchant banking sources said that Mr. Wintour's

AA chief's directorship queried

BY CHRISTOPHER DUNN

AUTOMOBILE ASSOCIATION members raised the question at yesterday's annual meeting in London whether Mr. Alan Durie, retiring director-general of the AA, should at the same time have held a directorship of Mercantile Credit, the finance and hire-purchase company which finances loans to AA members.

The AA had been asked if it was aware of the "potential conflict of interest" between the two functions. There was no suggestion that Mr. Durie had behaved improperly."

The point was pertinent because of the "hard-selling line" put forward by the speech, because it was of the "potential conflict of interest" between the two functions. There was no suggestion that Mr. Durie had behaved improperly."

Lord Erroll also said that running the association called for

"monthly accounts and statistical data which are models of precise and timely information."

This was especially necessary because mounting an investment programme of £15m over four years called for the highest standards of accounting and control.

He confirmed that 433 additional patrols would be recruited in 1977. The association was planning to spend £500,000 on its training centre.

Professor Edmund Wright, treasurer, said that last year's surplus of £680,000 reflected credit on the staff, management of funds, and the association's financial controls.

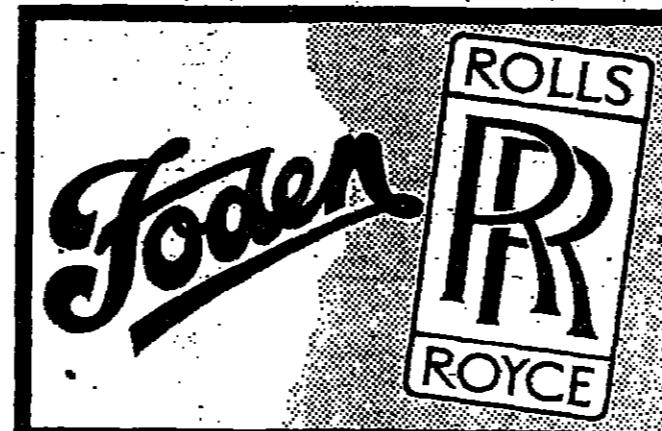
NEWS ANALYSIS—ROLLS-ROYCE BID FOR FODEN

Two basic industrial problems that must be faced

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORECASTS OF continuing company without commercial vehicle expertise, should want to heavy truck industry have lost bid for Foden.

There are two basic industrial problems facing the Sandbach-based company which any new partner in the enterprise will



put and, in so doing, add to its market share—a distinctly specialised engineering equipment proposition at that time because there was a great deal of slack in the market being signified by heavy diesel engines and Foden with a range of vehicles which in the past have been acknowledged to be among the best on the market.

Both companies have a tradition of almost hand-made, labour-intensive manufacturing behind them.

This tradition has taken Rolls into the recent acquisition of a parcel of shares in Gardner, the diesel engine manufacturer which has an even higher quality image than its own.

That has led to nothing more at the moment but, in the face of considerable puzzlement about the move, Rolls-Royce has talked mainly about the marketing advantages of bringing the two engine ranges together.

In the same way, Rolls may feel that it can put a new marketing drive and some of its own considerable expertise into Foden. More than half of its sales, for instance, come from overseas and the present management has an impressive record in export marketing.

But, even so, Rolls-Royce cars are not at their strongest in Europe—the best market is the U.S.—and considerable effort will be needed to gear up Foden.

The other area of mutual interest is in Rolls-Royce's supply of truck diesel engines to Foden. Clearly, it might be of some advantage to both to be assured of supply and demand but for Rolls it could mean exclusion from other British vehicle builders who at present use the engine.

So, there are clear risks for Rolls-Royce in pushing through an acquisition. As the company has stated, it would give it another leg to its present vehicle and engine-building activities and, in today's volatile markets, this may be a prudent course.

Accounting change 'should be gradual'

BY MICHAEL LAFFERTY, CITY STAFF

A CALL for a simpler and more flexible approach to implementation of current cost accounting came yesterday from the Hindu Group of top chartered accountants in industry.

The group says that proposals set out in the Merton exposure draft (ED 18) "amount to a revolution in company accounts, the consequences of which cannot be fully foreseen at this stage."

"A slower, more gradual approach is likely to achieve better ultimate accounting standards and to achieve them acceptable to other countries."

£1m. John James claim

A £1m. claim against Mr. John James, head of the John James group, can go ahead, the Lord's ruled yesterday.

Mr. Michael Birkin, former John James executive, of Harford Close, Coombe Dingle, Bristol, is claiming £1m. in cash or shares for his services to the group.

Mr. James, of Tower Court, Swinley Road, Ascot, Berks, denies such an agreement.

Five Law Lords unanimously reversed an Appeal Court ruling upholding a judge's decision that the claim should be struck out.

Allowing the appeal, Lord Salmon said: "I have considerable difficulty in discerning any ground upon which it could possibly be right to dismiss this action for want of prosecution."

Prices Bill power 'intact'

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE AMENDMENT to the Price the Tories as a "major victory" return to free collective bargaining, and, on present estimates, a demonstration by the Government of the Government's belief that inflation would be down to single figures.

General price limitation would then be "much less appropriate." The Government, he said, had always known that.

But, if it was found necessary to continue with margin and dividend controls after next summer, the Government could introduce new legislation.

Mr. Hattersley repeated his view that even when inflation was under control, the Government should be able to influence some price levels in much the same way as it now controlled some monopolies and proposed mergers.

The second was a demonstration of the Government's "genuine belief" that inflation power of the new Bill remained intact.

The third was that the central bank would no longer have the power to investigate and freeze specific price proposals. He said nothing to alter the powers. He hoped and believed they would be designated to be permanent.

The news about the amendment, which was described as being for next August, there would be further progress towards the same direction.

NOTICE OF REDEMPTION

To the Holders of

Continental Oil International Finance Corporation

9 1/2% Guaranteed Debentures Due 1985 Issued

under Indenture dated as of July 1, 1970

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, \$2,500,000 principal amount of the above described Debentures have been selected for redemption on July 1, 1977, through operation of the Staking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

DEBENTURES OF \$1,000 EACH

M-2	1545	3054	4802	841	5001	5851	10889	12416	12897	13695	14897	15857	16171	15545	20210	20210	22351	23763
1546	1570	3065	4803	842	5013	5861	10916	12431	12903	13671	14875	15861	16172	15546	20211	20211	22352	23764
1547	1571	3066	4804	843	5023	5862	10923	12437	12908	13672	14876	15862	16173	15547	20212	20212	22353	23765
1548	1572	3067	4805	844	5033	5863	10930	12443	12915	13673	14877	15863	16174	15548	20213	20213	22354	23766
1549	1573	3068	4806	845	5043	5864	10937	12449	12922	13674	14878	15864	16175	15549	20214	20214	22355	23767
1550	1574	3069	4807	846	5053	5865	10944	12455	12929	13675	14879	15865	16176	15550	20215	20215	22356	23768
1551	1575	3070	4808	847	5063	5866	10951	12461	12936	13676	14880	15866	16177	15551	20216	20216	22357	23769
1552	1576	3071	4809	848	5073	5867	10958	12467	12943	13677	14881	15867	16178	15552	20217	20217	22358	23770
1553	1577	3072	4810	849	5083	5868	10965	12473	12950	13678	14882	15868	16179	15553	20218	20218	22359	23771
1554	1578	3073	4811	850	5093	5869	10972	12479	12957	13679	14883	15869	16180	15554	20219	20219	22360	23772
1555	1579	3074	4812	851	5094	5870	10979	12485	12964	13680	14884	15870	16181	15555	20220	20220	22361	23773
1556	1580	3075	4813	852	5104	5871	10986	12491	12971	13681	14885	15871	16182	15556	20221	20221	22362	23774
1557	1581	3076	4814															

BOOKS

Purple passages

BY ANTHONY CURTIS

The Queen with contributions by Mary Wilson, Robert Blake and others. Allen Lane, £3.95. 186 pages. Penguin (paperback) 75p. 156 pages

The British Monarchy by Philip Howard, Hamish Hamilton, £7.50. 208 pages

Royal Progress: Britain's Changing Monarchy by Daniel Cowin, Cassell, £5.95. 219 pages

One Hundred and forty-four picture postcards of Her Majesty Queen Elizabeth II and her family. Omnibus Press, £3.95.

Topolski's Buckingham Palace Panoramas. Quartet Books, £11.50.

The Queens of Britain by Norah Lofts. Hodder and Stoughton, £6.50. 200 pages

Publishers, bless their hearts, may sometimes be slow to realise when they are on to a good thing, as in the notorious instance of *Waterloo Dances*, rejected by at least six eminent houses before it found a taker, but no one in Great Russell Street and its environs had the slightest hesitation about the Jubilee. If rabbits were on the face of it a dicey proposition royals had simply got to be a winner. For the past year or so a frenzy of royal book-making has been under way which now comes to a grand climax. The result is a seemingly unending stream of perfectly useless but utterly fascinating information in which this reviewer has been happily paddling for the past week.

Do you, for instance, know who the hereditary Grand Falconer of England is? Mr. Howarth tells us he is "the Duke of St. Albans, descendant of Charles I's illegitimate son by Nell Gwyn. The present 13th Duke of St. Albans is a professional man

without a ducal estate or a stately home. He had a distinguished career in military intelligence and psychological warfare during the last war, and at the Central Office of Information after the war. He lives in a leasehold house called St. Albans in Cheshire, and never goes near a hawk except by accident. Or did you know that Prince Andrew had spent a part of his education at a Jesuit college? Mr. Cowin tells us that.

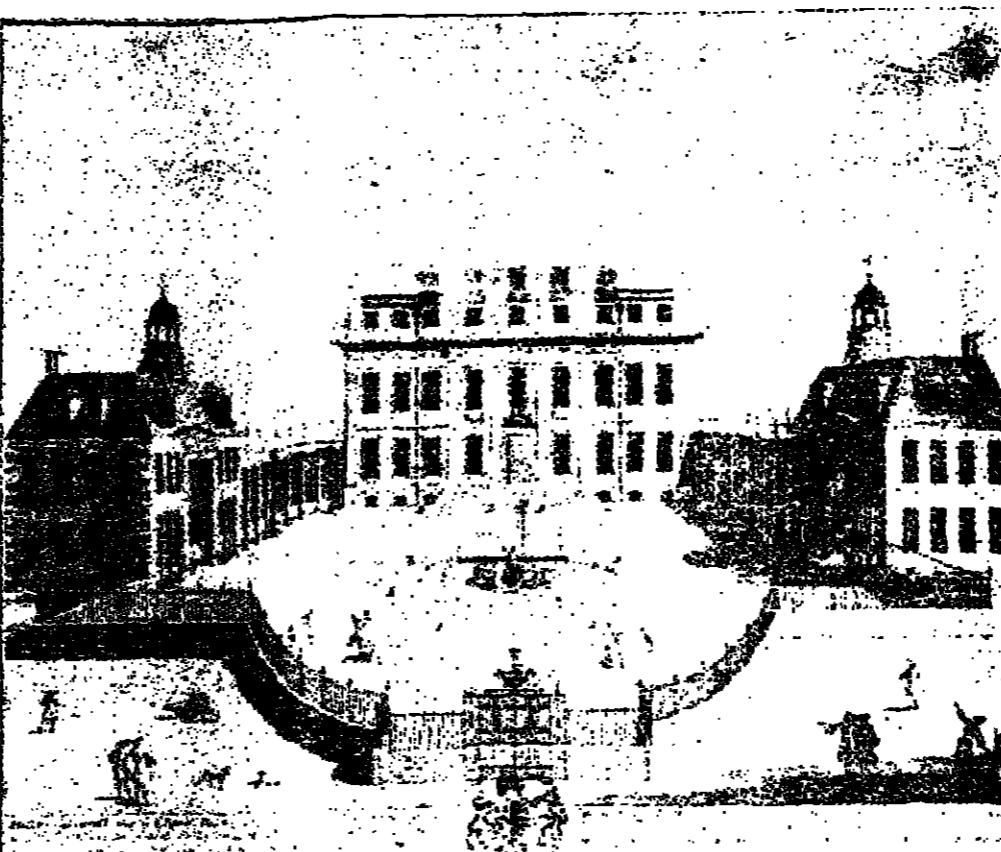
Prince Andrew was one of 15 pupils from Gordonstoun who spent three weeks studying at a school in France, the Casou Jesuit College in Toulouse. His identity was kept secret to all but a few, and Scotland Yard and the French police co-operated in his untroubled protection. On an official form he was required to complete he gave his name as Andrew Edwards, his father's occupation as "gentleman farmer," and stated that his mother did not "go out to work."

But the biggest Jubilee jape of all is sprung by Terry Colman, in his piece, in the Penguin volume on "The Queen's Succession" in which he casts doubt on the legality of a dicey proposition royals had

simply got to be a winner. For the past year or so a frenzy of royal book-making has been under way which now comes to a grand climax. The result is a seemingly unending stream of perfectly useless but utterly fascinating information in which this reviewer has been happily paddling for the past week.

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current works relating to monarchy and history



Buckingham Palace purchased in 1761 by George III. George IV turned it into Buckingham Palace, London residence of the Sovereign through eight reigns—one of the illustrations in "Royal Progress," reviewed to-day.

Victoria's loves

BY C. P. SNOW

Victoria and Disraeli by Theo Aronson, Cassell, £5.50. 212 pages

Victoria and Albert by Joanna Richardson, Dent, £5.95. 239 pages

was her tempestuous emotions which overwhelmed him, not as the same commonplace legend used to say, her physical demands. That always sounded like the strictures of a bachelorette master 50 years ago.

As a girl, she had loved Lord

Melbourne radiantly, much as in her fifties she loved Disraeli.

He had responded very much as Disraeli did. Melbourne was worldly, but, again as with Disraeli, going to bed with women

had never been a major impulse.

Far more he enjoyed skirting

round all the frontiers of love, he liked something deeper than flirtation, but short of ultimate

commitment, dalliance, if you like tempeste. Philip Ziegler's splendid 1976 biography, *Victoria's own emotional range was wider*.

With Napoleon III, who really was a sequel, unlike Melville or Disraeli, she had revelled—while in the full flush

of her marriage—in a safe flirtation, safe and decorous, but still exciting.

Then there was, before Disraeli became close to her, John Brown. John Brown was the Highland servant who first gave her moments of escape from the long, passionate absorption in widowhood. Victoria suffered her griefs even more wholeheartedly than she enjoyed her joys.

The age which we have named after her was nothing like as tight-lipped as ours, and she was the least tight-lipped of them all.

Any death, even of a relative, she didn't like protracted her.

The memory of Albert's brought

darkness for years after. Still,

she came to find pleasure in being protected and ordered

about by the eminently masculine John Brown.

They both got what they

needed. She got a Prime Minister who coaxed her as a blend of royalty and woman,

supremely considerate, both experienced and intuitive with the women of her age.

The mistresses of his youth had been older than himself, and so was his wife. He had had love for them, and now for Victoria, whom he called, embarrassingly, "the Faery."

He got, cynically enough, what he needed from royal favour to keep Gladstone in his place; but like some other cynics, he had a hyper-fervid romantic imagination, and with the Faery, who was both woman and also the incarnation of grandeur, it

found release. It takes two to make such a relationship as theirs. It was a strange kind of love.

That is how Mr. Aronson lights up the character of Victoria. He reminds us that several times in her life, she had immersed herself in other strange kinds of love.

She was a passionately emotional woman.

Probably, contrary to the common-place legend, physical love

meant little to her. She said as much in her outpouring letters to her eldest daughter, the Crown Princess of Prussia. Victoria was normally honest, but that confidence just might have been for once disingenuous. Yet

the record of her life tends to social rules—that on women,

and she doesn't get close in that she could be rapturously sympathetic to Victoria. And

joyous in loves which were of emotional and nothing else. Of man. It is a pity, but she writes

course, with Albert she had had so much and usually so well that it now looks as though it disappointment.



Working lad can look at a king . . . George V in a Sunderland dockyard, 1918—from "Happy and Glorious"

Flashbulbs popping

BY GLYN GENIN

"Albert sat yesterday to a man in the 'Queen Meets The People' stereotype. A set of pictures shot for Picture Post in 1944 show George VI engrossed in his stamp collection—seemingly unaware of the camera. An earlier picture of the first Prince of Wales and Mrs. Simpson together, must have caused the Crown some embarrassment when it was taken secretly in 1933, but to-day provides a picture of a fascinating historical document."

Royal photography seemed technically incapable of anything but the staid, stationary portrait until the turn of the century. The pomp, and drama of grand occasions being left to the artists of the Illustrated London News.

Formal portraits seem to owe little, apart from technical quality, to the massive improvement in cameras and film over a century and more. Photographic portraits of our present Queen vary little in style and pose from those dating from Queen Victoria's Jubilee.

Richard Ormond's *The Face of Monarchy* (Phaidon, £9.95) deals with the way British Royalty has been portrayed in great depth and detail. From the Bayeux Tapestry to Cecil Beaton, it is easy to see the influence the portraitist has on the way Monarchs are seen by posterity. The paintings and engravings of Victoria in Ormond's book were as well known as the sepia-toned photographs, perhaps she would have a slightly less sombre reputation.

From Victoria's funeral on, it is the Press photographers' candid view of royalty that offers us the most powerful images. Ford has selected shots of George VI and Queen Elizabeth touring the Queen actually smiles. The

blitzed East End together with Queen's actual smile. The volume presents an unrivalled series of formal images of our Kings and Queens, all the more impressive for the differences in styles and fashions adopted by successive Monarchs. The text includes a short biography on royal walkabouts, either in each Royal sitter together with their advisers, or photographed printed plates.

Dynastic troubles

BY ALAN HODGE

The Kaiser's Daughter by H.R.H. Princess Victoria Louise, W. H. Allen, £7.50. 276 pages

Princess Victoria was born nearly 85 years ago; her parents' first daughter after six sons. Queen Victoria was her great-grandmother through the marriage of her daughter to the Kaiser's father, Frederick III of Prussia, who was briefly Emperor of Germany in 1888.

Mr. H. R. H. Princess Victoria Louise, who was also a Royal Highness of Great Britain. But difficulties raised by the imperial German court over the pretensions of a Hanoverian heir were overcome and the marriage was a success.

Princess Victoria writes with affection of her parents and brothers, and especially of the last Kaiser, whose touch of man seems to have escaped her. The marriage was a success.

Princess Victoria ends with some hopeful words about the present state of monarchy, far as it survives in the world. She has kind words for Queen Elizabeth II; a hopeful outpouring upon the new reign of a grandson-in-law, Juan Carlos of Spain, and pleasing reflection upon her grandson, Constantine, the exiled King of Greece. European dynasties, even when deposed, form a fascinating specialised subject and Princess Victoria writes of many of the members with lively affection.

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THE ROYAL MAUNDY

Dr. B. Robinson

The origins, types and varieties of Maundy money, the Royal Maundy ceremony and an assessment of the coin's value

£3.25

KATE & WARD 01-283 748

Diplomatic stuff

BY IAN DAVIDSON

The Diplomats: the Foreign Office Today by Geoffrey Moorhouse, Jonathan Cape, £7.50. 405 pages

Geoffrey Moorhouse's book comes at an opportune moment for its publication is tuned to coincide with the conclusion of the Think Tank's inquiry into the Foreign Office and all its works. Yet it cannot be said that *The Diplomats* offers any clear answers to the questions which Kate Mortimer and Stella Blackstone were required to deal with: such as, is the FO effective? Or too big? Or doing the right kind of work?

On the other hand, I imagine that the book would be extremely instructive to anyone who was contemplating joining the Foreign Office. Mr. Moorhouse has clearly done quite a lot of work, and has talked to a large number of people inside and outside the FO, and he builds up a full picture of the life of a diplomat and how the British diplomatic machine works. Regrettably, but perhaps inevitably, few if any of the diplomats he talked to were prepared to be named in print, so the many quotations which spatter every page tend to be attributed, rather lamely, to "an Assistant Secretary" or "a Second Secretary in Bonn." But the picture he gives of the operation of British diplomacy is

full, detailed and fair-minded. In a sense, it is a well-written book, in a breezy style which, though it becomes somewhat tiresome after 400 pages, is reasonably well suited to the enterprise of sowing together a very large number of anecdotes and instances and examples into a large polychrome patchwork quilt.

What is really missing from this patchwork is any precise picture of how a policy really gets formulated: my guess is that while diplomats were prepared to tell Mr. Moorhouse, in general terms, about the procedure for developing FO views, they may have allowed him little or no access to the files themselves.

What to take a trivial example, were the arguments advanced in the FO which permitted the British government to launch into a third cod war with Iceland when it was starkly obvious that the enterprise would be a humiliating failure? We would like to know more about the role of intelligence in policy-making, but Mr. Moorhouse brings no revelations.

In the end, Mr. Moorhouse takes us so far and no further. He has produced a handbook full of interesting little facts, but they are only the facts supplied to an outsider, even if he is a privileged and hard-working outsider.

Illustrated with 78 photographs, £5.95

Royal Faces

HMSO's Silver Jubilee book brings to life the kings and queens of England and Great Britain from 1066 to the present day. The text has been written by Hugh Clatton; the illustrations derive mainly from the National Portrait Gallery. This book reveals how the monarchs appeared to the eyes of their contemporaries. 64pp, lavishly illustrated in colour and black and white.

ISBN 0 11 290209 X £1.95 (£1.18)

The Monarchy in Britain

Many people take the institution of the Monarchy for granted, without really understanding it in any depth. This booklet, which covers the institution from the 9th century, explains the identity of the Queen, her function, and the administration of the royal environment.

ISBN 0 11 700783 8 70p (79p)

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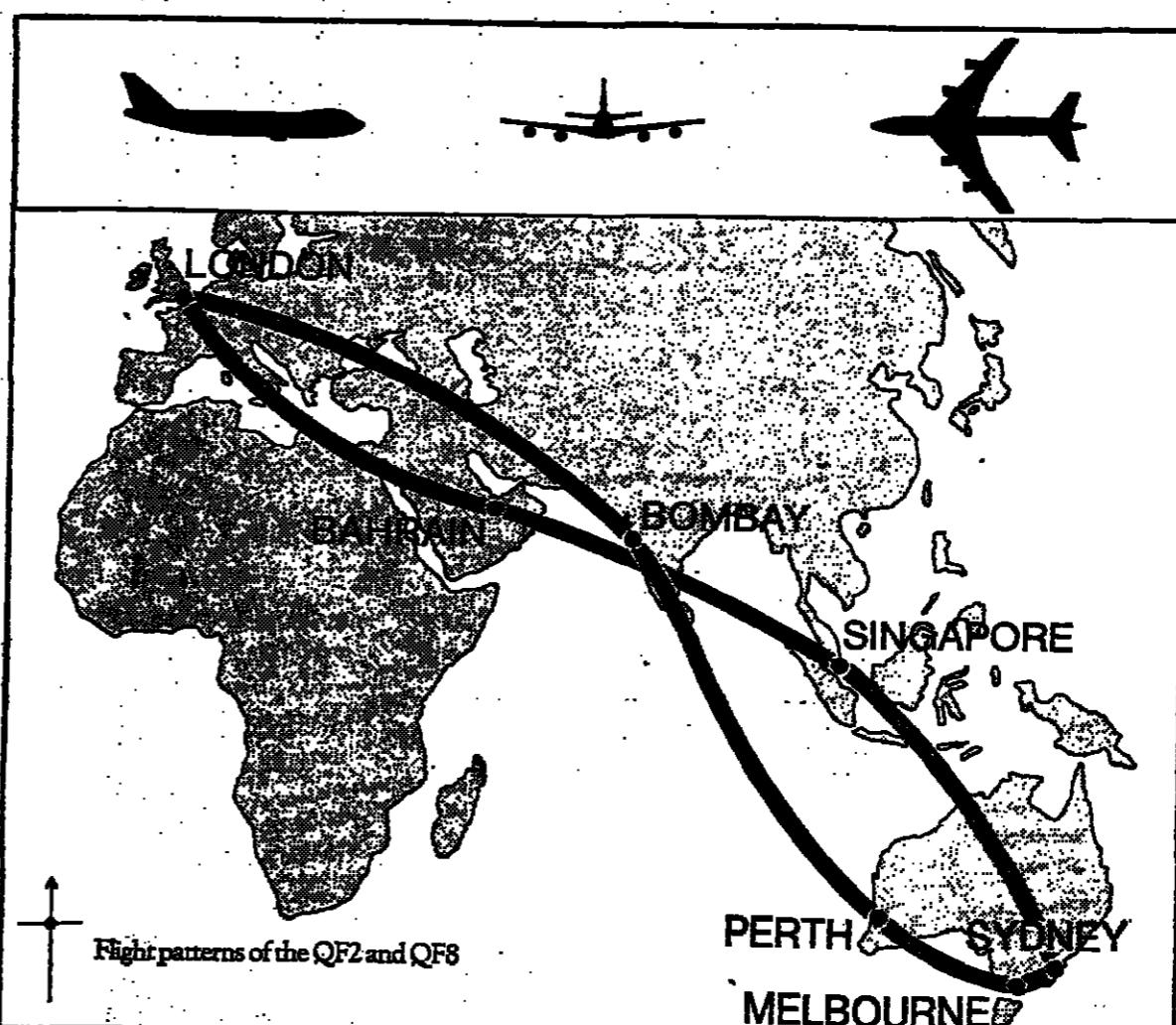
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THE JOBS COLUMN

Change to teaching

BY MICHAEL DIXON

ABOUT 1,200 people are wanted pend on the university, poly- of getting a school job on com- "I hear that a good number of leavers. Three years ago there blouses among the interviewees, younger and less certified positive commitment by Gordon Oakes for emergency technic or college running the pieling the training, this will them had actually gone to the were about 7,000 openings in Late last night, the president groups. And since the country's days, not even in pre-

training as teachers of subjects course, but there are certain not be guaranteed. But neither bother of finding something out: the executive grades, I'm told, of the National Union of Stu-

in which the schools are short guidelines as to qualifications will the trainees have to about the jobs they were going Now there are only about 1,500 dents could not be contacted for largely middle-class, the young-

specialist staff. The one-year required, and these vary with guarantee to take up school to be interviewed for. They On the other hand there was a comment on this change. But stars to whom the unemploy-

training will start in September. the type of "shortage subject" teaching after the course. seemed just like the middle talk, among the university I have little doubt that he would ment is exported are mostly

To entrants not already em- the person is to be trained to People interested should first class students of 15 years ago: careers services earlier in the find it totally unacceptable, and the children of semi- and un-

ployed as State-school teachers teach. apply for the leaflet, Training you know, the young conform- careers services earlier in the purblind refusal to reverse the as one careers adviser said:

Mr. Oakes, as Minister of State for Education and Science, is offering tax-free allowances as follows:

Basic £45 a week for single person, £10 a week extra for spouse and any other adult dependant, £3 a week for each dependent child; up to £15 a week lodgings allowance or, if living at home while training, payment up to £15 a week of travelling costs in excess of £5 a week. Tuition fees will be paid from public funds.

Announcing the offer yesterday, Mr. Oakes said suitably experienced people from industry and commerce would be more than welcome. "We need their knowledge of the working world as well as their teaching skills, and that's why we're offering them this opportunity to change to a career which, of course, can last for the rest of their lives."

Candidates for the scheme—which is being financed to the tune of about £3.9m. channelled through the Training Services Agency and the Local Government Training Board—must be injecting real-world experience at least 28 and have been out of full-time education for five years or more.

While Mr. Oakes said there would be "very high" prospects

apply for the leaflet, Training

you know, the young conform-

ers services earlier in the

purblind refusal to reverse the

as one careers adviser said:

the bulk of the country's

coloured teenagers."

Another university adviser

said that, while concerned

about the social justice of this

same effect, his misgivings

more significant to their

living life than any sudden

wants to go on with it.

I'm pessimistic, but I see

continuing of that attitude

to encourage," he added.

For my part, all I will

do is to stand by and

encourage them to do what

they want to do.

When standing only a

couple of days ago, I had

someone still closer con-

cerned about their

education and their

attitude that universities

should be encouraged to

encourage them to do what

they want to do.

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(PA Personnel Services Ref: PR3/5883/F7)

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PA Personnel Services

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Telephone: 01-580 2222

Telex: 203322

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Sainsbury's goes to Saatchi

BY MICHAEL THOMPSON-NOEL

SAATCHI bandwagon rolls: Sainsbury's special virtues—Sainsbury's, one of the freshness, hygiene, value for its prestigious retail advertising money, playing fair with the account, and Saatchi. Saatchi's joint chairman Ogilvy as its advertising agent Charles Saatchi said yesterday: "all national media, local Sainsbury's is probably the advertising will continue to be most satisfying of grocery business. The picture remains as un-inspiring as ever."

Sainsbury's does not spend as big as its rivals like but a company that excels at Co-op, Tesco and Fine Fare, high quality trading. It is also its total advertising budget, pleasant to win over an advertising year around 2750,000 in its last year who has thought carefully about moving the account, which is closer to him in 1977-78.

Saatchi's account is gathering to itself. Ogilvy's vice-chairman, Ogilvy's vice-chairman, said it was said to be a loss which had been Sainsbury's. Still, it gives us an agency's for 60-odd years opportunity to address ourselfs to other very big account, Saatchi's capture of the Sainsbury's account. Ogilvy's current billings are around £32m-£35m.

Saatchi and Saatchi's Compton, the biggest publicly quoted company in British advertising, profit in the year to last October 30 was £0.88m, on a turnover of £35.2m.

Sainsbury's thus joins British Land, Proctor and Gamble, Unilever, Macintosh, United Biscuits and Cadbury's, Saatchi's biggest among Saatchi's best-known clients.

Conolly, Sainsbury's advertising manager, said this is that the company was not historically big advertiser sparred with its major com-

pany but that given the current economic climate, and importance of grocery price advertising, its spending was to increase.

We're sorry to part company with Saatchi. They have made

very significant contribution to our business over many years.

As it often has in the past, Saatchi began looking around on the than on its own initiative, and re-opened that on its own initiative, and re-opened front. Saatchi's had a new business and expand its deal to offer in terms of share of the market.

New products: think small to grow fat

We may be at the start of an era when the subversive activity of new product development is once more aimed at genuine innovation, not tired repositioning.

DAVID BERNSTEIN and TOM STEELE of The Creative Business explain why

AS A RESULT of the lean years of the 1970s, British industry as a whole has become more efficient and more pragmatic. Yet in one important area of business, new product development, the picture remains as un-inspiring as ever.

Something over two-thirds of new brands in test markets can be classed as failures—and this is only the tip of the iceberg. For every "new" product that happens to fail, there are many more that simply fail to happen—often after a considerable investment in management time and resources.

It is understandable that the recent past should have engendered a defensive frame of mind among company attitudes towards status, hierarchy, departmental boundaries and administrative systems; not to mention product development is nothing but a sticking one's neck out.

It is however not simply a failure of nerve which explains the poor showing of many management in new product development. The failure of certain commitment. Rationalisation is one of the favourite compromises adopted by many managements—innovation without any of the problems of innovation. While appearing to offer the quick route to new product success, this course is often the most dangerous of all, in that it puts

the needs of the manufacturer before those of the consumer. New product development is a subversive activity. It aims to undermine the opposition, alter the balance of power, re-shape the map of the market in one's own favour. Like all subversion, it is a two-edged weapon. Before re-shaping the marketplace, one often has to begin by re-shaping one's own company—and this involves, among other things, changing company attitudes towards status, hierarchy, departmental boundaries and administrative systems; not to mention product development is nothing but a sticking one's neck out.

New product development is ideas-intensive and demands a high level of ability in lateral thinking as opposed to linear, and a capacity to judge ideas very different skills from those involved in running a growing brand or business. Precise because these skills are not used in everyday business, they are often not given the attention due to them.

Little if any of the in-company training given to junior and

middle management is devoted to the business of new product development.

The upshot of this is often a general attitude of distrust among the company at large towards the small band of authority within previously agreed parameters, without constant reference to senior management. These mysterious practitioners are often put on a separate floor or in a separate building from the rest of the organisation, separated from the rest of the organisation.

Cleverly, this system can have a lot of advantages in that it cuts across traditional hierarchical and departmental boundaries, improves communication and speeds progress. The company to function unhampered by the questions of tomorrow—and of course deprives the would-be innovators of contact with the practical realities of the company. As a result, the innovators come to be regarded as impractical by the very people who keep them away from the practicalities of the past.

The venture group system—widely talked of, but little practised—is one way of creating that the new product effort which few senior executives can come from the heart of a bring themselves to accept.

A company's new product

on the other hand, who have most need of new products to defend their massive investments in the public conscience, are only geared to handle goods which generate a high volume turnover. Because of this, their criteria for new brands are frighteningly severe. Coca Cola would probably have been written off after a few weeks. (It sold only 25 gallons in its first year of manufacture—as a hangover cure.)

Because the unnatural "hot-house" conditions of today's new product development seem fraught with difficulty, we may be on the verge of era when major marketing companies revert to the standards and practices of the past. New products will be developed with an eye to genuine innovation, for the use of minority audiences, as opposed to the tired product repositionings which are all too often foisted upon an increasingly cynical and unwilling mass of consumers. The venture group system will find themselves in a bind, as companies in which they buy a share of the equity, with all the attendant risks and benefits that that implies.

Thinking small in new product development could well be the way to grow fat.

Melting the iceberg of consumer discontent

Most sales techniques are harmless. But ADAM SEDGWICK argues that marketers, ad-men and consumer protectionists need to work together in balancing out the grey areas

IN "£146M WORTH of Complaints" (Financial Times, May 12) Winston Fletcher launched an attack on consumer protection. He indicates that this is excessive, and we agree. Particularly of the case he is attacking, since Mr. Fletcher grossly and it is sad that a man in his underestimates the cost of complaints. One valuable piece of one of the major influences shaping his industry.

He questions whether "the consumer of complaining on average some £8 to £10. But we do not agree with Mr. Fletcher. In tenuous support of this doubt he quotes the Marks consumers should stop complaining and Spencer estimate of £8 as being. We feel that an altogether more complaints are required the cost to the company of pro-superior answer would be for

suppliers to stop giving them reason to complain.

Next Mr. Fletcher argues that because there are "only" 12m consumer complaints a year, consumers don't really need protection. Would tell us how many

changes, so does that of the national economy. The reason we now enjoy there might be why advertising people fall for "sugestio falsi," some of which the Director General of Fair Trading referred to in his address which so aroused Mr. Fletcher. We acknowledge that there may be costs to society in banning practices in this grey area, but we insist that others recognise the costs to consumers of finding out the truth elaborately kept from them. The costs to consumers of paying more than necessary. The costs to consumers of living with mistaken purchases. The cost to conscientious producers and traders of losing out to the unscrupulous. The cost to society of the resources involved in misleading selling.

Mr. Fletcher repeatedly refers to the "efficiency of selling." The expression contains a crucial ambiguity which lies at the root of consumer protection in this area. Higher efficiency in production may reasonably be assumed to benefit both producer and consumer. The same does not hold of selling. Production efficiency is the ratio of output to total inputs: selling efficiency considers a minute proportion of inputs only. The very expression "efficiency of selling" is tenuous.

Let us conclude with some general principles. It is quite untenable to argue that consumer protection has no legitimate interest in marketing practices. Some selling has been based on lies or threats: such as the truth elaborately kept from them. The costs to consumers of paying more than necessary. The costs to consumers of living with mistaken purchases. The cost to conscientious producers and traders of losing out to the unscrupulous. The cost to society of the resources involved in misleading selling.

A balance therefore has to be struck. It will be best identified by dialogue between representatives of consumers and of marketers. But constructive dialogue depends on the marketers having some grasp of the issues. They would do well to instruct themselves: we are not going to go away.

Adam Sedgwick is treasurer of the National Federation of Consumer Groups.

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SOUTHERN TELEVISION

For further information contact Brian Henry, Marketing & Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX. Telephone: 01-834 4404.

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As well as being original in concept, Scimitar looks unique. It's long, low and wide. With rustproof handbuilt coachwork mounted on a rugged steel chassis.

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Steal a perfectly legitimate march on your colleagues and get more details now.

After all, you've proved you're a person with certain natural advantages. And when you have an advantage, why give it away.

Scimitar GTE: 138 bhp 5 litre Ford V6 Engine. Manual overdrive or automatic transmission. Rack and pinion steering (power optional). Servo assisted front disc brakes. 2 speed wipers with electronic wash. Heated, wide-opening rear window. Complete instrumentation. Dual exhaust system. Electric radiator fan. Through-flow ventilation with multiple outlet points. Laminated windscreen, tinted and electric windows optional.

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Let the people have the oil cash

W-THAT North Sea oil is coming ashore, ahead of schedule, what is the best way of dealing with its economic effects? My own instinct would be to sit back and let it in the spirit of: Let us drink and be merry, for to-morrow we shall all be dead. The size of the oil bonanza is any case not all that counts, in relation to a large economy such as Britain's. The initial estimate of £15bn. per annum for its current balance of payments effect in 1985 is (surprisingly) absurd, as it is in my depreciated pounds (8 per cent. inflation being supposed); and it is on the assumption that, Fainer-like, we put the gains into hoarding.

A better official guide is the estimate of the North Sea oil as being worth 3 per cent. of GNP in 1980 and 5 per cent. in 1985. Rounding up the use of the good progress to, this is equivalent to only an extra 1 per cent. on growth rates every year from 1980 to 1985: inclusive, and only 1 per cent. a year after it is pestered out by 1985. This is only more than offsets the final damage from the oil price increase of 1973-74.

The best way of deciding how to spend this bonanza would be to leave it to individuals rather than make a centralised decision. This is a quite practicable proposition. The fiscal id from royalties, petroleum tax and corporation tax on North Sea oil and gas has been officially estimated at £5bn. in 1980 at 1975 prices. Rounding and rounding up, this is not far short of £10bn. in current money.

The ethics of exporting

From Mr. J. S. Rose, Sir.—In your leading article of May 23 (Realities of Exporting) you rightly drew attention to the dilemma in which the British exporter may find himself in deciding whether or not to follow a practice described in the so-called Barton memoranda. What has not emerged quite so clearly is all the material so far published on this subject is what the intention of the Government is or could be in relation to this dilemma. Perhaps it may be better to draw on 20 years' experience of trying to move British exports to set out the considerations.

It is important at the outset to this issue into proper perspective. By far the greater part of British exports is sold in transactions which do not involve any of questionable practice. But there remain certain parts of the field and certain types of business where such practices are an integral element in any successful deal, and the British exporter I ignore them at his peril. In view they must be considered in the context of his overall marketing strategy and it is surely a matter for his own numerical judgment as to whether or not he decides to continue. Any attempt by Government unilaterally to regulate this part of its marketing strategy by, for example, introducing what he could do and not do beyond the strict letter of the law, would be dangerous.

British exports now, in the sense of the so-called memoranda, are not possible for the greater part of Government industrial and commercial example. It is important to remember that when in course of commercial work at home, as in a certain industry, faced by very important business interests, it is necessary for a particular union to fight for a particular machinery value of £1 million pounds, it would, however, depend upon how the changes were classified in the unions tariff and they had been to their local agent that in order to obtain the classification they wanted, a large sum of money would have to be paid to local Customs officials. They told me that they should do what they had previously appointed their agents to do in the country concerned. If he still enjoyed their confidence, they should follow his advice; if he never did, then he could appoint a new agent. This advice may not have been particularly helpful, but my visitors hardly expect me either to be them or to bribe a man of the Government to take up the role of the Government to which I was accredited, or, by acting against this course, to assume some degree of responsibility for the possible of the contract.

versus the rules of the game, the same both for the public private sector, but here at least there is of course an essential difference in the unavailability for funds spent on questionable practices abroad. The management of a public company in a loss-making situation is accountable through its shareholders for the manner in which loss was incurred. The management of a nationalised industry would be accountable through the Government ultimately to its shareholders for the manner in which its sense, therefore, that in case the nationalised industry may be the object of a parliamentary enquiry, its management carries a heavier burden of responsibility; but if it is impugned at the end of such an enquiry, it would not be for the infringement of the law laid down by Parliament.

Why not allot every household in the country a proportionate share in this sum? A National North Sea stock could be issued for the purpose.

Divided among 18m. households, this would give each holder an initial claim to a return of about £250 per annum in 1980—

the exact amount would of course vary with the fortunes of the North Sea. The certificates of entitlement would be negotiable in the market place; and judging by the nearest equivalent investment, holdings might well have a capital value of over £2,000 per family.

Such a North Sea stock would do more to spread capital ownership than all labour's wage tax ideas and more to promote popular share ownership than all the Conservative incentive plans. It ought, thus, to appeal both to the intelligent Labour Left and the radical Tory Right. Chancellors would be Chancellors will not like it because it will reduce their scope for so-called tax reliefs; but that is a point in favour of the new security.

* * *

THIS IS really all we need by way of a policy; as families and individuals, would then decide

whether to consume now or accumulate investments to cover the period when North Sea oil runs dry or the price cartel collapses. But not everyone will share this view. Let us therefore, purely for the sake of argument, make the conventional assumption that the Government really does have a say, £2bn. per annum.

There are four ways in which the reserves tend to be held.

Liberalising private overseas in-

vestment would be preferable to either debt repayment or rate without being swamped by more for the future than for governments to invest.

Foreign exchange control can be used to ensure that some or all of overseas reserves can be accumulated; reserve accumulation if the inflow of funds or go too far, individuals making their oil revenues as debts can be repaid, likely dollar rate of return after below this without suffering a own provisions. I am trying to show that they would do rapidly diminishing returns. On

investment rather than on exchange control can be overseas tax exceeds the cost of capital outflow of crisis size.

It is therefore carries the risk in overseas investment

rate for sterling which may nearly all of it, apart from the medium-term money supply.

Instead, there should be an term Eurodollar loans which

avoids this danger is to raise borrowing requirement. Such a long-term finance from the gilt-edged market. A parochial governmental grain. For when

the currency is so strong that Ministers are happy to repay debts or pile up reserves, they are also inclined to celebrate

success by cutting taxes or increasing

spending, and are in no mood

for extra fiscal austerity. But this only goes to show how unlikely it is that democratic Gov-

ernments will put aside

for the future than for governments to invest.

An enforced increase in dom-

estic investment thus leads to our own back

garden.

It is to offset the accompanying

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COMPANY NEWS + COMMENT

Avon Rubber best ever first half

A leap in first half taxable profit from £9.6m. to £22.5m., surpassing any previous full-year total, was achieved by Avon Rubber Company in the six months to April 2, 1977. Sales, which expanded 37 per cent to £54.8m., contained a significant volume increase.

Order books are currently at high level and the cash position was strengthened during the first half. This trend is continuing, the directors state.

Stated earnings per £1 share show a four-fold rise to 18.1p share and the net interim dividend is lifted to 1p (1p) absenting 20.27m. Subject to progress continuing and the directors' consent, the directors are planning a full restoration of the dividend which was sharply reduced in 1975 when there was a loss of £0.5m. Last year payments totalling 5p were paid on profit of £2.49m.

The first half result was attained by a high level of utilisation of resources and continued improvements in efficiency by all companies, the directors explain. An increasing proportion of export business has produced a more even spread of sales and cash flow, and reduced the cyclical pattern of performance.

Factory space for the industrial polymers company will be built during the latter half of 1977-78.

Additional factory premises of 25,000 square feet have already been occupied by the inflatables company, and a further 50,000 square feet will be added during the next nine months to meet the continued growth of demand, the directors add.

Elsewhere in the group, a policy of selective investment in support of products whose technical qualities are becoming more widely appreciated in the home and export markets, is being maintained, they add.

Half year	Year	
1976-77	1975-76	
£m.	£m.	
Profit after tax	54.22	18.10
Share of associate loss	26	15
Dividend	1.00	0.25
Profit after tax	53.22	17.85
Tax	1.02	0.12
Net profit	51.20	17.73
Attributable	51.20	17.73
Pref. dividends	2.20	0.50
Ord. dividends	27.84	5.41
Total	56.24	23.64

* Profits include £1.02m. for deferred tax.

• **Comment**

Dunhill should be one of the biggest beneficiaries from the possible ending of dividend restraint next year. The yield of 3½ per cent is covered, 6½ per cent and there is plenty of surplus cash in the kitty. The prospect of higher dividends sent the shares up 35p yesterday to 345p where the p/e is 6.7. While the p/e is in line with the sector average, the yield is less than half the 7½ per cent average.

Even though there were a number of exceptional items in the 1976-77 profits, Dunhill should be able to improve profits this year given the continuing strength in de luxe consumer items overseas and from tourists in London. Last year, there was a maiden contribution from Lane in the U.S. substantial currency gains (particularly in the first half); and high investment

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Alfred Dunhill up £1.95m.

income on net cash at the end of the previous year of £8.3m. Since the two acquisitions overseas have been financed by local loans, the p/e is 6.7. The market, however, has reacted more favourably, this cash figure could be even higher now, after a strong cash flow—an intriguing potential for Dunhill. The only weakness in the results is the near 4½ point fall in margins to 24.4 per cent, reflecting rising manufacturing costs.

Expansion at Philip Hill

TAXABLE revenue rose £1.05m. to £5.45m. on gross revenue of £5.78m. against £3.65m. for Philip Hill Investment Trust in the year to March 31, 1977. At year-end net asset value per 25p share was improved from 188.1p to 209.0p, or from 187.2p to 198.6p when fully diluted.

Stated earnings per share are 16.5p (3.69p) and a net final dividend of 1.65p lifts the total to 19.15p.

• **Comment**

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Statement, Page 28

Needs of small businesses

THE GOVERNMENT has commissioned a research study into the management and business education needs of the manufacturing sector of small businesses. The research will be under-

taken by the Manchester Business School and the study will also concentrate on the extent to which the needs are being met.

Redfearn Glass to top £3m.

SALES OF Redfearn National Glass increased by 16.5 per cent to £1.23m. in the 26 weeks ended April 3, 1977, but profits, although ahead of budget, showed a reduction from £1.23m. to £1.03m.

Mr. Stanley Race, chairman, explains that the period included a major reconstruction of one of the furnaces at the Barnsley works and this has had its effect on sales and profit in the period.

However, the increased capacity resulting from the rebuilt furnace, which is now in operation, will reflect itself in the final results. The chairman reports that the order book is 1977 healthy and he has confidence

in the results for the year-end, which is the near 4½ point fall in margins to 24.4 per cent, reflecting rising manufacturing costs.

• **Comment**

Redfearn's interim profits are 16 per cent lower and the group attributes this entirely to the loss of production at the Barnsley furnaces which were undergoing a capacity expansion to the tune of 10 per cent. Within a 16½ per cent rise in sales, volume has apparently increased by 6½ per cent, and the group expects to maintain this rate of progress in the second half, when it will see the full benefit from the expansion. Small glass containers are the main product, and the effect of the start. Although trading margins of 8½ per cent may not be maintained on this mass-market contract, profits of around £1m. a year should result in an average of £1.0m. a year and a profit of 10 per cent.

The policy of vigorous expansion of exports coupled with the acquisition of companies with complementary trading activities and an increasing contribution from the group's manufacturing subsidiaries is expected to be successful and will be continued, the directors say. They therefore expect increased profit for the current year.

Stated earnings per 10p share were better at 12.95p (9.49p) and a net final dividend of 1.4157p raises the total to 2.8514p (2.574p).

A further payment will be made if ACT rate is reduced, and a one-for-two scrip issue is planned.

The directors say they intend to pass on the benefit of the proposed lifting of dividend restraint



Mr. Richard Dunhill, chairman of Alfred Dunhill

DIVIDENDS ANNOUNCED

	Current payment	Date	Corporation payment	Total	Total
			div.	for last	year
Avon Rubber	int. 4	July 11	1	—	5
BOC International	int. 1.34	Oct. 7	1.1	—	2.86
Brunning	2.28	Aug. 1	1.79	3.41	5.22
Capper-Neill	1.42	—	1.28	2.82	2.57
John Carr (Doncaster)	0.6	July 22	0.53	—	1.84
Alfred Dunhill	5.38	July 28	4.89	7.8	7.09
Elswick-Hopper	0.46	—	0.34	0.81	0.64
Philip Hill	1.21	Sept. 2	1.07	—	2.35
Jamaica Sugar Estates	4.65	—	3.75	6.8	5.75
London & Aberdeen Inv.	Nil	July 28	1.73	—	3.75
London Atlantic	2.23	July 15	2.23	2	3.75
Marley	1.21	Aug. 8	1*	—	2.22
Redfearn Glass	int. 1.27	July 14	0.88	—	2.05
Wace Group	0.96	July 7	0.56	1.4	2.05

Dividends shown pence per share

* Equivalent after allowing for scrip issue. † On capital issue.

not except where otherwise stated.

increased by rights and/or acquisition issues. ‡ For nine months

to date.

§ For six months to date.

|| For six months to date.

||| For six

Midway slip by Marley

REPORTS A rise in sales from £13.7m to £18.52m, pre-tax, has been adopted the effect would be to reduce the 1976 profit to £7.30m to £7.07m. The adjustments considered necessary to the accounts under the six months ended April 30, 1977, £7.7m, the Marley division, accounting for 10.2% of sales, will have the effect of being marginally higher at reducing the 1976 profit from £18.00m to £17.90m and the interim dividend held at 10p net and to require a positive £25p per share. Last year's total adjustment to net monetary assets and liabilities for the year of £12.29m and pre-tax profits were £18.00m.

At the year-end there was an increase in short-term deposits and cash of £85.88m (£57.58m) At the year-end they stood at £15.5m.

Sales ahead at Foseco Minsep

GROUP SALES for the first quarter ended March 31, at Foseco Minsep are ahead of the same period last year but with continuing pressure on margins, say the directors.

As reported on page 25, sales rose from £15.12m to £16.53m in 1976 and, pre-tax profits advanced from 4.65p to 5.87p per share (4.25p) and the interim dividend is 1.25p net (1.1p)—last year's total was £16.88m.

At March 31, 1977, net borrowing stood at £175.2m, compared with £165.5m on April 1, 1976—working capital requirements, bank overdrafts and short-term loans, amounted to £125.8m (£97.8m).

Stated earnings were 5.65p per share (4.25p) and the interim dividend is 1.25p net (1.1p)—last year's total was £16.88m.

The group manufactures chemicals, other products for the metallurgical, construction and water treatment industries.

**Satisfactory
year ahead
for Crossland**

R. and A. G. Crossland continues to seek to increase sales through new customers, and the extension of its product range, according to Mr. P. W. Haydon, chairman, in his annual statement.

The benefits of the recent and current capital expenditure on plant and buildings should be felt in the future and he looks forward to another satisfactory year.

For the year 1976, pre-tax profit, as reported on April 22, rose from £14.5m to £15.5m. Turnover was £21.1m (£20.5m). On a CCA basis profit would have been reduced by 5.90p.

During the year R. and A. G. Crossland (Wales) made a significant contribution towards the record sales both in the bearings and plastics divisions the buoyant trend continued into the second half of the year. Investment in new plant and a certain amount of internal reorganisation both played their part in helping to achieve the increased sales.

Unfortunately, however, cutbacks in the UK, which affected the sales of the lighting division during the early part of the year, and the difficult market in the second half, intensive efforts were made to increase the share of the export market and business group have again been addressed to the grounds of consistency to compensate for the lower home and overseas markets.

It would be important to

have a good account of the Ordinary at April 29, 1977, and Crossland Investment amounts required to comply fully with the standard.

**Tysons
(Contractors)
prospects**

The revival of the country's economy may now be showing itself, but as there is a time lag before the benefits of such a recovery are reflected in the fortunes of the building industry and this coupled with expenditure cuts is likely to cause a shortage of work for some time resulting in very severe competition, states Mr. Leslie Tyson, chairman of Tysons (Contractors).

In 1976, pre-tax profit increased from £74.88m to £70.17m on a turnover of £121.6m against £126.6m. The group has not adopted SSAP 9 in relation to the valuation of work in progress and cash on account relative to these and the auditors have qualified the accounts in this respect.

The directors say that the original accounting policies of the company have again been addressed to the grounds of consistency to compensate for the lower home and overseas markets.

It is too early to forecast what

any accuracy demand for the year as a whole but, on the basis of order to date, profit for the year would show only a moderate increase says Mr. Merton. In common with the rest of British industry the results for the year will depend to some extent on the success or failure of Government Unions and their members in reaching an agreement on a pay policy which is not unduly inflationary.

As reported on April 22, pre-tax profit for 1976 rose from £1.85m to £2.90m.

Under the CCA system, an extra charge of approximately £400,000 would be made for the current plan for investment in the cost of goods sold, as for the current period of £24.4m and an additional charge of £22.50m would be made for the current year. As a result of these adjustments, the profit before tax W.C. June 14, noon.

Alginate well up

In the first quarter of 1977, the company would be reduced to approximately 10% in demandable market 2.55m.

The company has benefited substantially last year from the deterioration of sterling against the currencies of major overseas customers. In the current year sterling is expected to remain reasonably stable, but the fall in interest rates will reduce the cost of borrowing which is expected to increase during the year.

With some additional capacity it is hoped to increase stocks of alginate which will be drawn upon to meet sales during 1978.

The company will, however, have to face a continuing rise in the cost of production. Some of the more important chemicals used in extraction have doubled in price over the past two years, as, of course, have fuel costs.

Actual capital expenditure for 1978 at £9.91m fell far short of what was planned mainly because of what was planned mainly because of the programme. As a result

the current plan for investment in the cost of goods sold for the current period of £24.4m although most of it will be spent in the current year.

As a result of these

adjustments, the profit before tax W.C. June 14, noon.

BOOSEY & HAWKES

MUSIC PUBLISHERS AND
MUSICAL INSTRUMENT MAKERS

1976	1975
Turnover	£17,000,000
Profit before tax	£2,127,000
Earnings per share	24.4p
Ordinary dividends	4.54p

* Turnover up 37%

* Pre-tax profit up 25%

* Earnings up 40%

* Dividends up by the maximum permitted amount.

PROSPECTS

The year has started quite well, and with all the usual reservations I see no reason now why I should not be able to present a satisfactory picture in twelve months' time."

Mr. H. P. Barker, Chairman

Copies of the 1976 Report and Accounts are available on request from the Secretary, Boosey & Hawkes Ltd., 295 Regent Street, London, W1R 8JH.

BOC's first half profit increases to £36.5m.

BOARD MEETINGS

AN IMPROVEMENT of 5.5% in pre-tax profit to £36.5m is announced by BOC International for the six months to March 31, 1977—last year's surplus was £31.0m.

After lower tax of 22.5%, earnings per share of 25.25p, earnings per share would have the effect

of being marginally higher at reducing the 1976 profit from £18.00m to £17.90m and the interim dividend held at 10p net and to require a positive £25p per share. Last year's total adjustment to net monetary assets and liabilities for the year of £12.29m and pre-tax profits were £18.00m.

At the year-end there was an

increase in short-term deposits

and cash of £85.88m (£57.58m) At the year-end they stood at £15.5m.

Statement page 28

they will communicate with shareholders.

Total income for the year to March 31, 1977, was higher at £10.1m, against £9.88m, but after expenses and interest of £231,801 (£166,662), earnings are shown to be down from 25.25p to 23.5p per share. The dividend is raised from 1.75p to 2.5p net.

The net asset value per share is given as 178.1p compared with 153.3p.

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CENTRAL & SHEERWOOD

Record Profits

Profits before tax increase	51.9%
Earnings per share increase	120.6%
Group turnover increase	36.9%

	1976 £'000	1975 £'000
Turnover	53,053	38,800
Group profit before taxation	3,344	2,201
Earnings per share before extraordinary items	4.92p	2.23p
Dividend per share	2.1075p	1.9159p

Extract from the Chairman's Statement:—

"With our companies geared for growth and success, the Board has reason to believe that we shall continue to achieve record results, not only in the current year, but also in the years immediately ahead."

CENTRAL & SHEERWOOD LTD

CRANES, DRAGLINES AND WALKING DRAGLINES — PLANT AND EQUIPMENT FOR WATER TREATMENT, PETRO-CHEMICAL AND IRON AND STEEL INDUSTRIES — ALUMINIUM CASTINGS AND COMPONENTS — SOLID FUEL, GAS AND OIL HEATING APPLIANCES — METAL PRODUCTS FOR THE CONSTRUCTION INDUSTRY AND COMPONENTS FOR COMMERCIAL VEHICLES — CORPORATE MERGERS AND ACQUISITIONS — INSURANCE BROKING — PRINTING AND PUBLISHING.

If you would like further information about the company, copies of the Annual Report and Accounts are available from the Company Secretary, Central & Sheerwood Limited, 36 Chesham Place, London SW1X 8HE.

ARTHUR BELL

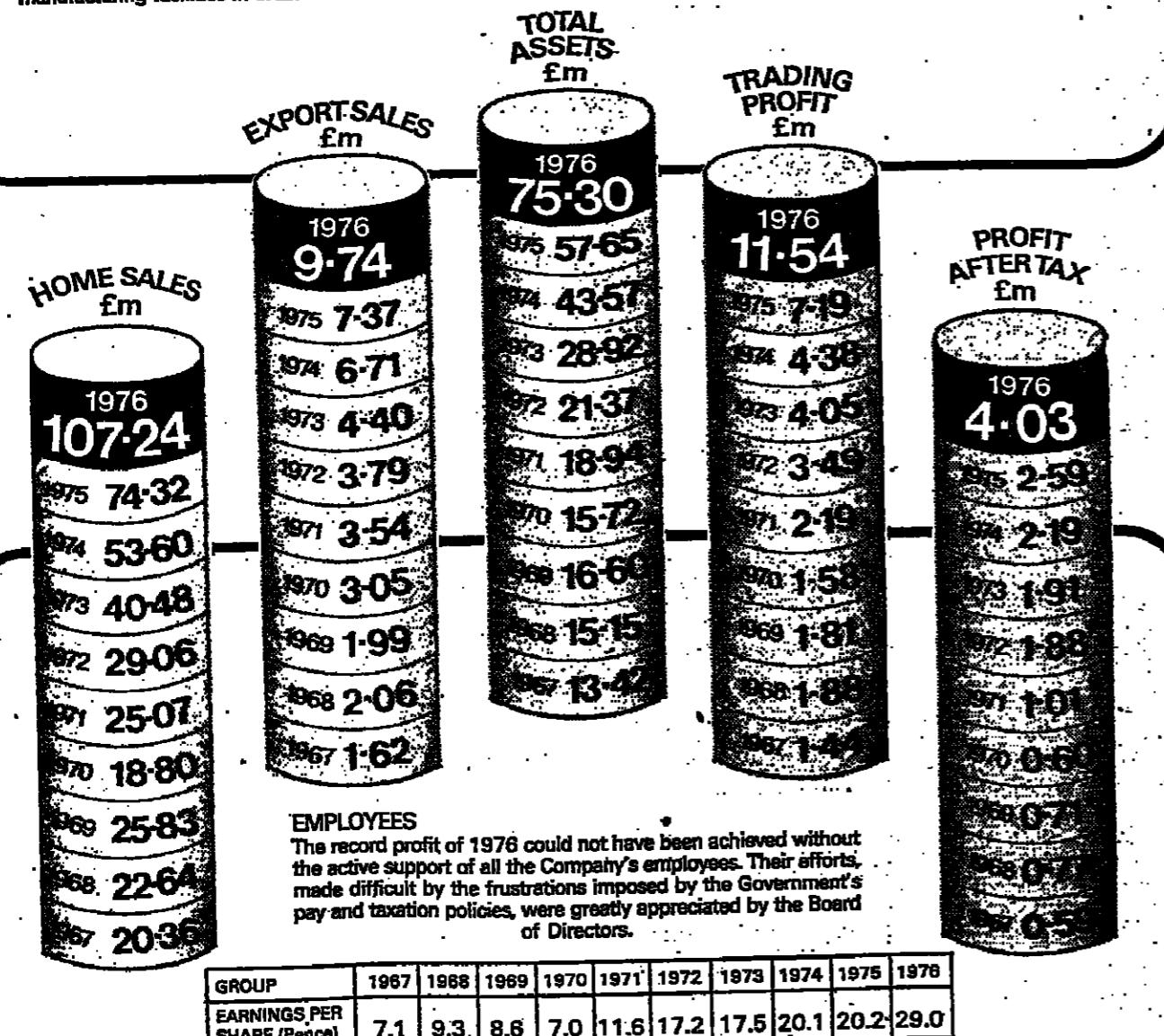
SCOTCH WHISKY DISTILLERS

Ten Years of Growth

During the past decade group profit before tax has risen from just over £1 million to more than £7 million in 1976. Over this same period the value of the Company's Export sales of Scotch Whisky has increased by more than six times and Home Market sales have risen five-fold.

To meet the sales demand, annual output at distilleries has been increased from 1.4 million proof gallons to 4.3 million proof gallons.

The Company's policy is to continue to invest in the necessary additional stocks of maturing whisky, warehouses and manufacturing facilities in order to meet the forecast continued growth in worldwide demand for BELL'S Scotch Whisky.



Greenall Whitley shows mid-year rise to £4.2m.

gross continued for brewers, distillers etc. Greenall Whitley and Company in the year to March 25, 1977 with the profit moving ahead to £4.2m. on sales of £10.6m. at £5.37m. Some £1.1m. of the increase was accounted for by a change in the amount of depreciation.

The brewing industry has been referred to the Price Commission for a special investigation. It should lead to delays in a period of cost increases in a period of renewed inflation. It quickly follows an adverse effect on investment and jobs, directors comment. In spite of these factors, they expect a factory increase in the next year.

Net sales volume shows growth particularly Grange Lager and the "non-brew" divisions all made a higher contribution to the overall result, however it will be more difficult to improve on the second of 1976/77 which benefited from the long hot summer. The maximum yield is 64 per cent at 75p.

Upsurge by Wace pays 1.4p

SUPPLIERS OF printing plates by process engraving, stereotyping, electrotyping and photo litho methods and photostetting, Wace Group pushed pre-tax profits from a depressed £31,900 to a record £122,400 in 1976. Turnover was up 15.5% to £21.5m.

At halfway year 56,000 were 270,000 compared with 184,000 in the directors, in their interim report in December said that second half profits had been maintained at a higher level than normal. Investment in new processes and equipment was making a significant contribution to profits.

They now say that considerable further capital had been invested in litho platemaking and photo-

Comment

Greenall claims to have improved profit from all its divisions. Beer volume is up helped by a buoyant trend in Lager sales which probably accounted for the bulk of the overall increase. More than 70 per cent of group profits come from beer, taking in the contribution from managed houses, though this proportion is probably lower in the first six months since the spirit division's profits.

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Brunnning recovery to £0.68m.

AFTER RISING up from £0.22m. to £0.33m. at haltime, pre-tax profit of Brunning Group, engaged in advertising, improved from 30p. to 50.8p. for the year to March 31, 1977.

The result shows a recovery and company with 50.8p. in 1976/77 and the record 50.78p. for 1975/76.

Turnover

Pre-tax profit

Tax

Extra-ord. debts

Attributable

1976

1975

1974

1973

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BOND DRAWING

Austrian Government International Loan 1930 Assented Sterling Bonds

NOTICE IS HEREBY GIVEN that a Drawing of Assented Sterling Bonds of the above Loan took place on 9th May 1977 in connection with funds available for Sinking Fund purposes in the financial year 1976/77.

The Bonds carried the numbers and serials given below have been drawn for redemption at £102 per cent, and are payable as from 1st July 1977 at the offices of Morgan Grenfell & Co. Limited, London, and Bank Mees & Hope NV, Amsterdam. No further interest will accrue from that date on these bonds.

Bonds presented for redemption shall be accompanied by all unmatured interest coupons - otherwise an amount equivalent to the missing coupons will be withheld from the principal sum to be repaid.

BONDS DRAWN

4 bonds of nominal value of £1,000

Bond Number	Corresponding Coupon Sheet Number (A)		Bond Number	Corresponding Coupon Sheet Number (B)		Bond Number	Corresponding Coupon Sheet Number (C)	
	10	2270		40	2265		39	2266

32 bonds of nominal value of £500

Bond Number	Corresponding Coupon Sheet Number (A)		Bond Number	Corresponding Coupon Sheet Number (B)		Bond Number	Corresponding Coupon Sheet Number (C)	
	103	207		408	208		409	209

318 bonds of nominal value of £100

Bond Number	Corresponding Coupon Sheet Number (A)		Bond Number	Corresponding Coupon Sheet Number (B)		Bond Number	Corresponding Coupon Sheet Number (C)	
	103	207		408	208		409	209

318 bonds of nominal value of £100

MINING NEWS

Ranger and Jabiluka lead the field

BY KENNETH MARSTON, MINING EDITOR

THE eagerly awaited second report of the Fox inquiry into uranium mining in Australia's Northern Territory is much in line with expectations. It recommends a go-ahead on a sequential basis, but only with the strictest of environmental conditions and with the understanding that there would be Government power to suspend or terminate mining operations at short notice. Any decision on mining, however, still rests with the Federal Government.

Subject to planning and environmental requirements, the report says that the first mining project to be allowed to proceed would be the Ranger venture of EZ Industries and Peck-WallSEND in partnership with the Australian Government. No other mining should be allowed in the region with the possible exception of the Pancontinental-Getty Oil partnership's Jabiluka deposit.

If mining proceeds, the Ranger and Jabiluka lease areas would be excluded from National Park to be established in the area for the benefit of the aboriginal people. Necessary control mechanisms should be set up for the park, says the inquiry, before any substantial work is done on the Ranger project.

The "thumbs down" is given, at least for the time being, to North Australia's Koongarra deposit and thus it looks as the next mine to be allowed to proceed would be the Queensland Mines' Nukarile. The other major uranium deposit awaiting a go-ahead is Western Mining's Elytrie, but this is in Western Australia and thus outside the scope of the present inquiry.

How much nearer these recommendations hedged with their host of conditions have brought the start of uranium mining in Australia remains to be seen. They do not indicate any feelings of urgency, but does the inquiry's view that the market for Australian uranium is likely to continue well into the next century.

According to the inquiry, it cannot be said whether the market for Australian uranium will be any more or less profitable, or stable, in the 1990s than it will be 20 or 30 years later. And Australia is unlikely to require any substantial amount of uranium for electricity-generating purposes this century.

After its recent bout of nervousness, the London share market found some comfort in the latest proposals which at least point in the right direction. Business was quiet with the hope being expressed that a statement will be made by the Australian premier, Mr. Malcolm Fraser before he leaves for the U.S. on Friday.

There was a little speculative buying, however, and Pancontinental closed 75p up at £1.13 after fluctuating between 10 and 12.

Peko-WallSEND gained 15p on last year was 3,223 tonnes, against 3,500 tonnes in 1975. This was "disappointing" for the Council, which cites the mining of lower grade ore and the restriction on production caused by major construction work as causes for the decline.

The Cornish Chamber of Mines has sounded a note of warning about high tin prices. Too great a margin between the cost of production and the metal price can damage the industry, says the annual report of the Chamber's Council.

Consumers can seek alternatives and speculative dealing can cause undesirable fluctuations. It is hoped that the International Tin Council will manage to maintain a stable price," states the Council's tin concentrate produc-

St. Joe contemplates \$900m. copper mine

THE U.S. group, St. Joe Minerals Corporation, on the verge of forming a \$900m. joint venture with Argentinean Government, has decided to exploit the massive El Pachon copper deposit in Argentina's San Juan province.

Argentina over recent years have not made the situation any easier. Argentines are, however, anxious to develop its fledgling mineral industry, in order to reduce the cost of mineral imports. The Mining Promotion Law is a key

This law is already in draft form and is expected to be promulgated in the next three months. It would provide a framework within which overseas mining groups will be able to negotiate conditions for specific projects.

It is expected that the law will give foreign companies the same rights as local concerns, offer special franchises for the import of equipment and provide for a tax holiday in the initial stages of any venture. It would thus provide a congenial fiscal environment, but whether this will remain to international lenders remains to be seen.

St. Joe, which is already active in Argentina through Compania Minera Aguilar, has concluded that it will be able to construct a 200-tonne-a-day copper concentrator, this year.

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BIDS AND DEALS

Hodge sells Reliant shares at 1½p

Ownership of Reliant Motor Group, makers of the Scimitar sports car and Robin three-wheeler, has changed hands in a deal which values the whole com-

pany at just £500,000. The sale proceeds were well in excess of the book valuation, re-

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Reliant Sales warning from BHS

UBSTANTIAL drop in the sales of retail sales was experienced by British Home Stores in last quarter of 1976-77 and the trend would appear to be continuing in the current year. In his annual statement Sir Jack, chairman, says that in "face of various uncertainties it will be difficult to be optimistic about the level of consumer spending in 1978 and the group's forecast is that new sales will be lower than in the year before. He is confident that over difficulties lie ahead the group will continue to at least maintain its share of the food market.

At Woolwich, Crewe and Shifnal Moor, restaurants which could not be extended were removed and the areas converted into merchandise selling space, while at Belfast internal alterations enabled extension of food ranges.

Within the next few months the group will open major new stores at Leeds and Dublin and during 1978 at Bromley, Barnsley, Kensington High Street (London) and Dundee. All the new stores will have large restaurants, while at Belfast internal alterations enabled extension of food ranges.

Jack points out that with new decline in consumer spending competition in the industry intensified and it is this which is an effective curb on sales. However, he is confident that over difficulties lie ahead the group will continue to at least maintain its share of the food market.

The group's pre-tax profits rose from £10.5m to £25.5m. The midyear increase was not quite what was expected in the second half.

Chairman says that Christmas sales were not fully up to expectation. The January sales, however, were up and the group's overall sales in part were depressed.

Jack says that it would seem that this experience was typical retailing generally, since the sum of retail sales in the first quarter of 1977 was the best for some years and month followed a declining period.

While the increase of 16 per cent in sales for the year came as unfavourable to the standard of previous years, the chairman says that it reflects an improvement in market share which in 1976 not increase in volume.

His group's price increase was marginally below the RPI but although there was a small volume increase, this was after a contribution of some five per cent from additional selling space coming into operation during the year.

Meeting, Marylebone House, N.W. June 29 at 11.30 a.m.

SHARE DISCLOSURES

Baker Perkins Holdings—operative Wholesale Society is a beneficial owner of 17.1% of its shares registered in the name of its Nominees. Its wholly owned subsidiary—Co-operative Assurance Society—is the registered owner and beneficial owner of 41.99% of the shares.

Brown, Dymé—Mr. Roger D. Brown, chairman, sold 50,000 shares on May 25 at 51p. This is a complete. Mr. Turner's unheld disposals for 1977 and his unhelding is now 1,300,000 shares (6.72 per cent). Mr. Turner's non-beneficial holding remains at 86,250 shares (3.89 per cent).

For Investment Trust—Standard Investment Trust holds 12,500 shares cumulative preference shares. Bookholdings total 6,000 (41 per cent cumulative preference shares). Practical Investment Fund holds 221,000 capital shares. Edward Jones (Contractors) Ltd. Quinton Hazel has bought 1,250 shares since April 12, bringing his total holding to 84,250 shares (16.78 per cent).

Reynolds Parsons—Mr. G. Campbell, director of Bruce Reynolds Industries, of which Reynolds Parsons is the holding company, sold on April 28 100,000 shares.

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Reynolds Parsons—Mr. G

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Sharp increase in French external borrowings

Y. FRANCIS GHILES

ORTS circulating in the international capital markets that France's guaranteed Swiss Franc borrowings have external debt remains small, both increased sharply both in absolute terms and relative to the gross domestic product which at other two currencies in which most of the debt is incurred, that is, U.S. dollars and Deutschemarks.

The amounts of the currencies in which such indebtedness was denominated and repayable at December 31, 1976, was approximately in French franc equivalent: U.S. dollars—Fr. 17,400; Deutschemarks—Fr. 5,200; Swiss francs—Fr. 2,400. The uncertainty is attested by the fact that French State accounts at March 4, 1977, were: US dollars—Fr. 10,600; Swiss francs—Fr. 2,800. These figures are not widely published, the detailed analysis published recently in connection with a bond issue made in New York bond market by the French state-owned Caisse Nationale des Autres. This shows that the total direct Republic and state debt amounted to Fr. 47,700m. at the end of 1975 of which Fr. 5,900m. was direct of the Republic. Details of these are shown in the table. Unfortunately the more recent figures for debt are shown for current dates for the Republic if any, and for the state entities or Republic guarantee. The figure for the direct debt of the Republic was Fr. 5,200m. October 31, 1976. (This excludes the \$1,500m. standby credit which no drawings had been made at the time the prospectus was drawn up last March).

The French state guaranteed its increased sharply in past year. Standing at 22.5bn. (Fr. 22.5bn.) at end of the debt had risen to 47bn. (Fr. 47bn.) by March 4, year. In dollars, the rise from \$5,500m. to \$8,850m. discussions around the market suggest that this increase is not worry bankers. They

GUARANTEED EXTERNAL DEBT
(REPATABLE PRINCIPALLY IN FOREIGN CURRENCIES)

Type of Debtor	Additional debt guaranteed during the period		
	Amount outstanding at December 31, 1975	January 1, 1976	March 4, 1977
Autonomous and Semi-Autonomous Public Agencies and Institutes (including the CNA)	11,993	7,734	
Nationalised Services	8,512	5,477	
SNCF	1,969	2,457	
Overseas Railways	8	—	
Foreign Governments and Organisations	20	—	
Miscellaneous	4,330	3,810	
Total Guaranteed External Debt	28,832	19,458	

*) Represents new external debt guaranteed by the Republic of France during the period indicated without taking into account repayment of guaranteed external debt during such period.

Ampol sees first half earnings slump

BY OUR OWN CORRESPONDENT

AMPOL, PETROLEUM, a Australian-owned oil and petroleum associates was excluded Ampol's result would have dropped to 22 per cent from \$43.5m. to \$24.5m. The April-September half year is traditionally better and the directors are again expecting an improvement. With the inclusion of Ampol's equity accounted shares of earnings of associated companies, these rose from \$4674.000 in 10m. and mainly reflected results from the 31 per cent owned coal and shipping that the Government will implement recommendations by R. W. Miller (Holdings) up.

SYDNEY, May 25

Industries Assistance Commission that the price of domestic crude oil be raised to 25 per cent from \$43.5m. to \$24.5m. Ampol would gain from its 65 per cent holding in Ampol exploration, which has a stake in the producing Barrow Island oilfield. Ampol increased its share of the market in the March half year with petrolium sales rising about 10 per cent compared with a total market growth of 5.5 to 6 per cent. Profit in the latest half was also affected by industrial stoppages and discounting of petrol among retailers.

Profit fall reported at Komatsu

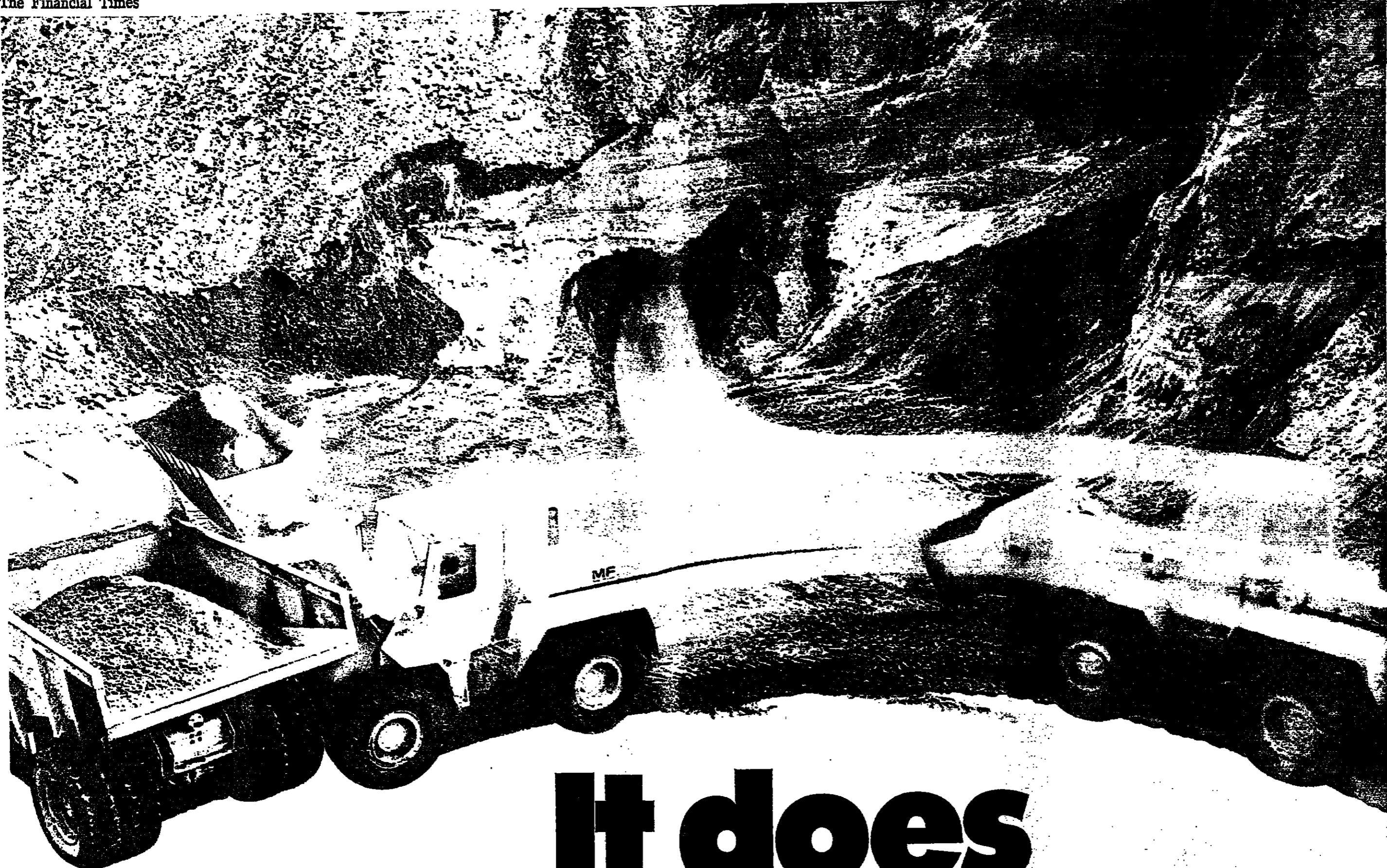
TOKYO, May 25

KOMATSU consolidated net profit for 1976 fell 14.3 per cent to Y15bn. from Y17bn. in the prior year, the manufacturer of construction machinery said, reports AP-DJ from Tokyo.

Consolidated sales in the year also fell 8.8 per cent to Y403.4bn. from Y441.3bn. in the prior year.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Mid	Offer	Mid	Offer
STRAIGHTS				
Aican Australia Spc 1989	99	99	99	99
Australia Spc 1991	100	100	100	100
Australia Spc 1993	100	100	100	100
Can. N. Railfr. Spc 1984	101	101	101	101
Credit National Spc 1986	99	99	99	99
Denmark Spc 1984	100	100	100	100
EDB Spc 1986	100	100	100	100
EMI Spc 1986	101	101	101	101
ERAP Spc 1986	102	102	102	102
Euro 30c 1986 Nov. 1984	104	104	104	104
Euro 30c 1986 Spc 1984	101	101	101	101
Euro 30c 1986 Spc 1992	102	102	102	102
Euro 30c 1986 Spc 1993	103	103	103	103
Euro 30c 1986 Spc 1994	104	104	104	104
Euro 30c 1986 Spc 1995	105	105	105	105
Euro 30c 1986 Spc 1996	106	106	106	106
Euro 30c 1986 Spc 1997	107	107	107	107
Euro 30c 1986 Spc 1998	108	108	108	108
Euro 30c 1986 Spc 1999	109	109	109	109
Euro 30c 1986 Spc 1990	110	110	110	110
Euro 30c 1986 Spc 1991	111	111	111	111
Euro 30c 1986 Spc 1992	112	112	112	112
Euro 30c 1986 Spc 1993	113	113	113	113
Euro 30c 1986 Spc 1994	114	114	114	114
Euro 30c 1986 Spc 1995	115	115	115	115
Euro 30c 1986 Spc 1996	116	116	116	116
Euro 30c 1986 Spc 1997	117	117	117	117
Euro 30c 1986 Spc 1998	118	118	118	118
Euro 30c 1986 Spc 1999	119	119	119	119
Euro 30c 1986 Spc 1990	120	120	120	120
Euro 30c 1986 Spc 1991	121	121	121	121
Euro 30c 1986 Spc 1992	122	122	122	122
Euro 30c 1986 Spc 1993	123	123	123	123
Euro 30c 1986 Spc 1994	124	124	124	124
Euro 30c 1986 Spc 1995	125	125	125	125
Euro 30c 1986 Spc 1996	126	126	126	126
Euro 30c 1986 Spc 1997	127	127	127	127
Euro 30c 1986 Spc 1998	128	128	128	128
Euro 30c 1986 Spc 1999	129	129	129	129
Euro 30c 1986 Spc 1990	130	130	130	130
Euro 30c 1986 Spc 1991	131	131	131	131
Euro 30c 1986 Spc 1992	132	132	132	132
Euro 30c 1986 Spc 1993	133	133	133	133
Euro 30c 1986 Spc 1994	134	134	134	134
Euro 30c 1986 Spc 1995	135	135	135	135
Euro 30c 1986 Spc 1996	136	136	136	136
Euro 30c 1986 Spc 1997	137	137	137	137
Euro 30c 1986 Spc 1998	138	138	138	138
Euro 30c 1986 Spc 1999	139	139	139	139
Euro 30c 1986 Spc 1990	140	140	140	140
Euro 30c 1986 Spc 1991	141	141	141	141
Euro 30c 1986 Spc 1992	142	142	142	142
Euro 30c 1986 Spc 1993	143	143	143	143
Euro 30c 1986 Spc 1994	144	144	144	144
Euro 30c 1986 Spc 1995	145	145	145	145
Euro 30c 1986 Spc 1996	146	146	146	146
Euro 30c 1986 Spc 1997	147	147	147	147
Euro 30c 1986 Spc 1998	148	148	148	148
Euro 30c 1986 Spc 1999	149	149	149	149
Euro 30c 1986 Spc 1990	150	150	150	150
Euro 30c 1986 Spc 1991	151	151	151	151
Euro 30c 1986 Spc 1992	152	152	152	152
Euro 30c 1986 Spc 1993	153	153	153	153
Euro 30c 1986 Spc 1994	154	154	154	154
Euro 30c 1986 Spc 1995	155	155	155	155
Euro 30c 1986 Spc 1996	156	156	156	156
Euro 30c 1986 Spc 1997	157	157	157	157
Euro 30c 1986 Spc 1998	158	158	158	158
Euro 30c 1986 Spc 1999	159	159	159	159
Euro 30c 1986 Spc 1990	160	160	160	160
Euro 30c 1986 Spc 1991	161	161	161	161
Euro 30c 1986 Spc 1992	162	162	162	162
Euro 30c 1986 Spc 1993	163	163	163	163
Euro 30c 1986 Spc 1994	164	164	164	164
Euro 30c 1986 Spc 1995	165	165	165	165
Euro 30c 1986 Spc 1996	166	166	166	166
Euro 30c 1986 Spc 1997	167	167	167	167
Euro 30c 1986 Spc 1998	168	168	168	168
Euro 30c 1986 Spc 1999	169	169	169	169
Euro 30c 1986 Spc 1990	170	170	170	170
Euro 30c 1986 Spc 1991	171	171	171	171
Euro 30c 1986 Spc 1992	172	172	172	172
Euro 30c 1986 Spc 1993	173	173	173	173
Euro 30c 1986 Spc 1994	174	174	174	174
Euro 30c 1986 Spc 1995	175	175	175	175
Euro 30c 1986 Spc 1996	176	176	176	176
Euro 30c 1986 Spc 1997	177	177	177	177
Euro 30c 1986 Spc 1998	178	178	178	178
Euro 30c 1986 Spc 1999	179	179	179	179
Euro 30c 1986 Spc 1990	180	180	180	180
Euro 30c 1986 Spc 1991	181	181	181	181
Euro 30c 1986 Spc 1992	182	182</		



It does 25 hours work every day.

The proved efficiency and short cycle time you get with the Massey-Ferguson MF 55C mean that you can pack more working hours into every day.

The superior breakout force of the MF 55C combined with its fast digging and dumping capability, makes it easy to understand why we're a world leader in the industrial and construction machinery business.

The MF 55C is one of a complete range of nine wheel loaders.

They, in turn, form just part of our comprehensive range of more than 40 industrial and construction machines.

With such technically advanced products, backed by long-established servicing and distribution in 190 countries, it's small wonder our industrial and construction machinery business has grown 60 per cent in the last two years.

At the end of the day, it all adds up to one thing. When you have a tough job that needs to be tackled efficiently, you must consider Massey-Ferguson.

MF
Massey Ferguson

WALL STREET + OVERSEAS MARKETS

Down further 9 after early rally

BY OUR WALL STREET CORRESPONDENT

X EARLY MORNING rally on the bond market, having failed in Monday's session, was followed after market hours yesterday by a new forecast by analysts of a downward trend resumed.

After opening 24c up at 914.42, the Dow Jones Industrial Average rose to 903.24, for a net loss of 9.16, or 0.97 per cent. Andover Clifton, up 32.5, or three-tenths of one per cent, also outpaced game trading, while the trading volume further expanded 60,000 shares at 20.71m.

Analysts attribute recent heavy gains to a combination of spiraling inflation, rising interest rates and recent political and economic events, including an election victory in Israel by the so-called Rightist party.

Interest rates have risen on a tightening of credit policy by the U.S. Federal Reserve in its fight to hold down inflation and keep

WEDNESDAY'S ACTIVE STOCKS

Stocks closing up 42, down 41, traded 20.8m. Total market value 112.6m, while the trading volume totalled 2m. (2.0m) shares.

OTHER MARKETS

Canada again lower

With the exception of Banks, the Consumer Price index, which rose 1.69 to 210.90 on index, has continued to gain all other sectors gave further ground in light trading yesterday.

Indices

NEW YORK - DOW JONES

May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	1977		1976		1975	
								High	Low	High	Low	High	Low
100.00	98.54	97.42	97.07	95.46	95.41	94.81	93.75	305.24	304.10	411.22	311.12	417.07	311.12
100.40	91.40	91.32	91.39	91.42	91.45	91.45	91.45	305.24	304.10	411.22	311.12	417.07	311.12
100.80	240.82	242.55	244.01	243.65	243.16	245.24	246.64	211.81	212.62	212.62	212.62	212.62	212.62
101.40	110.55	110.94	111.74	111.34	111.55	111.35	110.87	164.52	164.52	165.52	165.52	165.52	165.52
102.00	20.710	20.650	18.730	18.920	21.280	21.280	21.280	—	—	—	—	—	—

* Basis of index changed from July 1.

May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12
Ind. div. yield %	4.69	4.70	4.57	5.80	—	—	—	—	—	—	—	—	—

STANDARD AND POORS

May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12
Ind. div. yield %	4.56	4.40	4.53	3.42	—	—	—	—	—	—	—	—	—
100.50	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75
100.50	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75
100.50	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75	107.75

— Basis of index changed from July 1.

May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12
Ind. div. yield %	10.57	10.22	10.57	13.75	13.75	—	—	—	—	—	—	—	—

2.00, Bond yield 7.72, 7.80, 7.71, 5.85

1.00, Corp. 5.50, 5.50, 5.50, 5.50

1.00, Govt. 5.50, 5.50, 5.50, 5.50

1.00, Indust. 5.50, 5.50, 5.50, 5.50

1.00, Min. 5.50, 5.50, 5.50, 5.50

1.00, Trans. 5.50, 5.50, 5.50, 5.50

1.00, Util. 5.50, 5.50, 5.50, 5.50

1.00, Corp. 5.50, 5.50, 5.50, 5.50

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1.00, Trans. 5.50, 5.50, 5.50, 5.50

FARMING AND RAW MATERIALS

Malaysia tin mining land plea

By Our Own Correspondent
KUALA LUMPUR, May 25.

MALAYSIAN TIN miners have made another appeal for the state authorities to open up more land for mining to check the decline in the production and the loss of jobs.

Mr Ng Bee Tong, vice-president of the Malaysian Mining Employers Association, said during the 12 months ending in March, 197, most of them gravel pump mines, were closed mainly due to the exhaustion of deposits and the shortage of new mining land. About 1,000 jobs were lost.

Despite the high price of tin last year, production amounted to 63,400 tons, which was the lowest in 12 years.

He told the association's annual meeting here today the situation was distressing and urged the state and federal authorities to take immediate action to check the further decline of the industry.

But the Ministry of Primary Industries said there was little that the federal authorities could do as mining and land matters were under state authority.

The states are unwilling to open new land and speed up the renewal of mining leases as they feel they are only getting a minor share of the tin revenue as royalty. As well, some states want to reserve new mining land until the Malays are capable of venturing into the industry.

U.S. aluminium workers back new contract

NEW YORK, May 25.

THE ALUMINIUM industry conference, consisting of president of various aluminium industry local unions, voted overwhelmingly in favour of a new three-year labour contract, the United Steelworkers of America said.

The new contract will replace the current one which is due to expire on May 31.

The contract will cover aluminium workers at the Aluminum Company of America, Revere Copper and Brass, Kaiser Aluminum and Chemical, Reynolds Metals, Orenet and Conalco.

It reflects the recent settlement in the steel industry, the USW said. The wage increase, including incremental increases, comes to 95 cents over the three-year life of the contract. Wages currently range from about \$6.30 to \$9 an hour.

Colombia tax cut rumour hits coffee values

By RICHARD MOONEY

COFFEE PRICES fell sharply on the London market yesterday with the July position closing £182 lower at £3,342.5 a tonne, the lowest since last week's Brazilian weather scare.

The market was featureless in early dealings with physical trading at a virtual standstill. But rumours that Colombia planned to reduce its retention tax on coffee exports pushed the market into a decline which quickly gathered momentum.

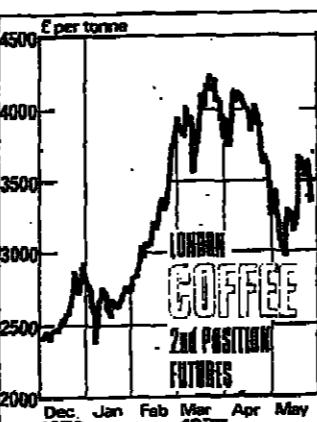
The "bearish" mood may also have been encouraged by talk of a sharp consumption drop in West Germany.

Coffee trade sources in Bogota told Reuters Colombia's retention tax on coffee exports was unchanged.

The sources said they had not been notified of any such move by the Colombian Coffee Growers Federation, which would enable exporters to quote lower prices.

Hamburg and Bremen trade sources told Reuter the steady rise in retail prices for coffee could lead to a clear drop in consumption this year. Faced this month with the third domestic price increase this year and the eighth since 1975, German consumers are developing more selective and less wasteful approach to coffee use.

So far, however, consumption has remained fairly steady in Germany, where more coffee is drunk than in any other industry.



rises are inevitable this year, with consumers likely to react most strongly at levels of DM15 or DM20 a pound.

Herr Gerhard Zinser, general manager for Germany of the Zurich-based Jacobs Group, which has 24 per cent of the German market, said DM18 or more was possible this autumn.

He told Reuters he was convinced coffee consumption would fall, which was why Jacobs' wholesale German base in Bremen was test marketing a half substitute product called "Jota Sport" in the Saar region.

But Herr Zinser said he was less pessimistic than the Hamburg roaster Tchibo (23 per cent of the market), which said a month ago that at least 10 per cent less coffee would be drunk in Germany this year, with prices possibly up to DM15 a pound this summer.

On the London coffee terminal market meanwhile Tuesday's fall was more than wiped out by a sudden recovery in values. The July coffee futures price gained £175 to £2,761.5 a tonne as dealers reacted to an oversold market situation.

Tuesday's decline had been widely attributed to an easing of the technical nearby tightness affecting the cocoa market. But it seems the recovery may have been premature.

All sources agree further price

Easier trend in world sugar prices

By Our Commodities Editor

WORLD SUGAR values eased on the London futures market yesterday. The London daily price for raw sugar was cut by £2 to £124 a tonne, its lowest since March and £26 lower than a month ago.

The market was depressed by rumours that a Japanese reenter obtained a cheap purchase and prospects of low bids at a Greek selling tender.

News that the EEC Commission had authorised export subsidies for another 46,250 tonnes of white sugar and 3,030 tonnes from French intervention stocks emphasised the continued downward pressure on the market.

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All sources agree further price

BRAZILIAN AGRICULTURE

Pepper crop fungus threat worsens

By SUE BRANFORD

DISEASE IS threatening the future of pepper production in Brazil, the world's fourth largest suitable product for the relatively isolated state of Para, in the Amazon region, where all planting the soil is simply dug as a "vase" in which fertilisers are applied to create the correct composition. Prices have been excellent for producers in other world market. Prices are particularly high for the Para farmers because they harvest their produce

and the high value per unit of weight makes pepper a very advantage by the farmers.

According to them, with perhaps 100,000 infected bushes, the crop has to be transported over long distances.

Producers will be hard put to discover an equally profitable

substitute crop.

Considerable funds are being used to try to discover an efficient fungicide. Efforts are also being made to develop varieties which are resistant to the disease. As yet, these attempts have met with little success.

But farmers are now discovering in their cost that "fusarium" leaves traces in the soil after the bushes have been pulled up. Young bushes planted on the contaminated land are being affected by the disease.

Besides drastically reducing productivity the fungus kills the plant in about four years. Normally, healthy plants reach maturity after three years, then continue producing for 10 years or more.

Nor are growers having much success moving plantations to other regions of Brazil. Very few areas outside Tocantins in Para provide the correct combination of temperature, rainfall and sunshine. The very lack of the fight against the fungus,

between August and October, the world's three main producers—India, Indonesia and Sarawak—gather their crop.

About 90 per cent of the Brazilian crop is exported.

The farmers are managing to keep their heads above water.

The struggle against the disease is high world prices in the past three years mean that they are not yet facing liquidity problems. But prospects are grim less a breakthrough is made in the fight against the fungus.

BRAZILIAN PEPPER

Area	Production	Export volume	Export value
acres	metric tonnes	metric tonnes	U.S.\$
1973	14,100	24,000	13,200
1974	17,000	26,000	26,100
1975	17,300	26,000	29,100
1976	20,300	28,000	27,100

* Estimate. Source: IBGE and Boletim do Banco Central do Brasil

substitute crop.

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But farmers are now discovering in their cost that "fusarium" leaves traces in the soil after the bushes have been pulled up. Young bushes planted on the contaminated land are being affected by the disease.

Besides drastically reducing productivity the fungus kills the plant in about four years. Normally, healthy plants reach maturity after three years, then continue producing for 10 years or more.

Nor are growers having much success moving plantations to other regions of Brazil. Very

few areas outside Tocantins in Para provide the correct combination of temperature, rainfall and sunshine. The very lack of the fight against the fungus,

Timber demand slumps

U.K. CONSUMPTION of softwood on last year's apparent consumption at 215,000 cu.m. was up 5 per cent.

In wood-based sheet materials, plywood imports in the first quarter were up 2 per cent, at 235,000 cu.m., but apparent consumption fell 6 per cent, to 243,000 cu.m. Plywood importers probably tended to buy early from those countries covered by the EEC's general scheme of preferences before the U.K. allocation—which is again likely to prove inadequate—is exhausted.

Imports at 1,395,000 cu.m. were down by 65 per cent. Other factors which combined to depress the consumption figures were the poor weather experienced in the first three months and the fact that in the comparative period last year consumers were replenishing stocks.

Particleboard imports rose 21 per cent, at 294,000 cu.m., and apparent consumption of imported board rose 13 per cent, at 293,000 cu.m. Home production of wood chipboard fell 14 per cent to 152,000 cu.m. and sales dropped by 16 per cent, to 142,000 cu.m.

Between 70,000 and 80,000 cu.m. were imported from the Ivory Coast in West Africa, and hybrid are already being produced on the Western Philippines island of Palawan, about 12,000 hectare could be planted to the hybrid variety by 1981 to boost Philippines' already large share of the world's coconut production.

Reuter

Coconut hybrid project starts

MANILA, May 25.

THE PHILIPPINES will start planting 70,000 coconut seedlings of Malaysian dwarf and African tall varieties in July. It produces a hybrid which will improve coconut yields.

Philippine Coconut Authority research centre said.

With the 70,000 seedlings imported from the Ivory Coast in West Africa, and hybrid are already being produced on the Western Philippines island of Palawan, about 12,000 hectare could be planted to the hybrid variety by 1981 to boost Philippines' already large share of the world's coconut production.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise

1 May '76 + or - 1 May '77

Month ago

1 May '77

FINANCIAL TIMES SURVEY

Thursday May 26 1977

etter
nes
e
lead

David Lascelles

European Correspondent

YUGOSLAVS, who never chance to drive home the tie to communists and us alike that their country is neither East nor are having a busy time.

President Tito has just celebrated his 85th birthday, an that produced volumes Yugoslav non-alignment, of which the President is of the now Europe's longest leader bar Enver Hoxha and, though some of his policies, none would deny his eminence.

A year also marks the 40th anniversary of Tito's appointment as the head of the Yugoslav Communist Party (now the Socialist Party) providing Belgrade further opportunities to hint at the Soviet-Yugoslav summit last winter that the two countries might co-operate more closely in military matters. And though Yugoslavia's relations with the West are improving put this year is officially fast, there are always incidents expected to be in the region of 6 per cent compared with the 3.4 per cent registered last year. However, unofficially, it is hoped that it could reach 9 per cent, depending on how agriculture fares.

shortly, Belgrade will

lost to the European con-

to, review implementa-

of the 1975 Helsinki

ratification. In three weeks, the green glass conference

which Yugoslav builders

been racing to complete

the banks of the Danube,

be filled with representa-

of 35 countries under the

care of the European and

American Press. This is

ring for Yugoslavia which

was rightly—that it was

in the venue because of

licised cases of dissent either

East and West

characters at the other end of the spectrum, the socialist outlook views the

been written about non-Stalinists.

And it is now three years

healthy process. The main-

and the Warsaw Pact that

since Tito strengthened the

worry now is the slow rate of

sensitively placed country

out after rebels industrial

restructuring as

climate for business. Some

of the slightest intention

threatened both its unity and

planners try to develop primary

western sources even report

exports and a year-end deficit

partner, has also made Belgrade

of up to \$6.5bn. would be con-

sidered tolerable. The prospect

of a new trade achieved last year has also paring more than it sells

Yugoslavia

A self-declared political and economic no man's land between East and West, Yugoslavia is becoming both more stable and more prosperous. President Tito is still the lynchpin of his country's cohesive development, but the outlook for his successor is better than ever before.

minds as the country with the in public, while anyone who question mark over it, this is interferes with the management of Belgrade as a fact system risks being driven from office to cries of "technocrat" of life.

The Yugoslavs were annoyed. Economically, too, the country is in better shape. Inflation has come down in line with world trends, and the slight strengthening of foreign and internal demand has given a spur to production.

The growth of industrial output with the West is officially expected to be in the region of 6 per cent compared with the 3.4 per cent registered last year. However, unofficially, it is hoped that it could reach 9 per cent, depending on how agriculture fares.

The chaotic state of internal credit which enabled many companies to get away without paying their bills for long periods, if at all, has also been largely eliminated by tough Government measures. Inevitably many companies were pushed close to the wall in the process, and some might even go bankrupt.

This could be damaging in a country where unemployment is high. But Yugoslavia's market

is so, the volumes that the political spectrum, the socialist outlook views the

demise of lame ducks as a

new have yet to convince

and it is now three years

healthy process. The main-

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since Tito strengthened the

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BASIC STATISTICS

Area	98,766 sq. miles
Population	21.4m.
GNP	YD407.3bn.
Per capita	YD19,255
Trade (1976)	
Imports	YD134.0bn.
Exports	YD88.8bn.
Imports from U.K.	£128m.
Exports to U.K.	£33m.
Currency	New. Y. Dinar £1=31.42

That they tend to get ignored is probably due to the unfamiliarity of the Balkans as a breeding ground for new political ideas. Many outsiders also take the erroneous view that self-management is an elaborate charade designed to conceal the party's iron grip on the country. While the League undoubtedly has a decisive influence, the system is, in fact, more genuine than many suppose.

Even so, everything in Yugoslavia comes back to one man, President Tito, whose longevity is in one sense a blessing but in another a growing problem.

In a year's time the country will hold the next of its four yearly party congresses, and these are always occasions to take stock and point the way forward.

It would be hard to deny Tito's contribution to bringing about stability in a region with such a turbulent history. And every year he survives permits stability to strike deeper roots.

Yugoslav unity is strengthening,

and the elaborate succession mechanism that Tito has devised for himself is becoming more established.

On the other hand, each birthday only heightens speculation abroad about Yugoslavia's future, and brings closer the possibility of some far-reaching change. Internally, too, anticipation of change grows stronger, and it would not be surprising if officials find long-term planning difficult.

But there can be no question that on balance Tito's survival is a good thing. In international terms he is the bulwark keeping out both East and West, which, if they ever flowed together into

Yugoslavia would make a highly explosive mixture. His policies system round basic work units, may be tough, but he has also been complex that may have created living standards and of its provisions yet to be political atmosphere which carried out—in the banking taken together compare favourable, for example. Even so, the with any country of the ideas that Yugoslav ideologists Soviet bloc. And his self-are trying to put into practice management ideology is an quite novel and deserve interesting attempt to create more attention in the West. genuine workers' power.

NEWS FROM ENERGOINVEST

THE CONSTRUCTION OF THE NEW LINE OF HIGH VOLTAGE SF6 CIRCUIT BREAKERS WITH MORE THAN 90% UNIFIED PARTS

The well known Yugoslav company Energoinvest, which is organised under Yugoslav law as a complex organisation of associated labour, includes not only production plants but also Institutes which supervise the quality of all Energoinvest's products. The task of these Institutes is also the development of production technology, new inventions and rationalisation in all fields of Energoinvest's activities.

Two of these Institutes are concerned solely with the activities in the field of electrical equipment and electrical apparatus of high and low voltage. These are: The Institute for the Testing of Electrical Power and Safety and the Institute for Experimental Research of Electrical Power.

Both these Institutes possess extremely well equipped laboratories with the most up to date equipment: laboratory

for high and low voltage, and a laboratory for research and high power testing of electrical apparatus and equipment of high voltage. These laboratories employ eminent scientists from the Electrotechnical Faculty of Sarajevo University, as well as a team of young talented scientists and research workers of Energoinvest with the average age of 30. It was directly due to these young engineers-research scientists that the construction of the line of the new SF6 type of high voltage circuit breaker was completed.

This extremely professional group gave themselves three targets:

—To discover the possibility of applying gas SF6 as a medium for electrical arc extinction and electrical insulation in high voltage circuit breakers and high voltage switchgear.

—To construct an SF6 circuit breaker of high performance and simple construction, suitable for easy and fast erection.

—To make possible the unification of the main assembly and other parts of the circuit breaker.

The team, led by Zoran Gajic, fulfilled all those targets and this new invention will be shown at the forthcoming exhibition "Electro 77" in Moscow.

The achievement of Energoinvest's experts can be summarised as follows: they successfully developed the line of puffer type SF6 circuit breakers for outdoor installation, rated voltage 128/145 kV, 245 kV and 420 kV. Apparatus of this type is constructed on the modular principle and in that way a high degree of unification of the main assembly and joint parts of circuit breaker was obtained. Consequently, the circuit breakers have over 90% unified joint parts. This makes the production and subsequent erection much more convenient.

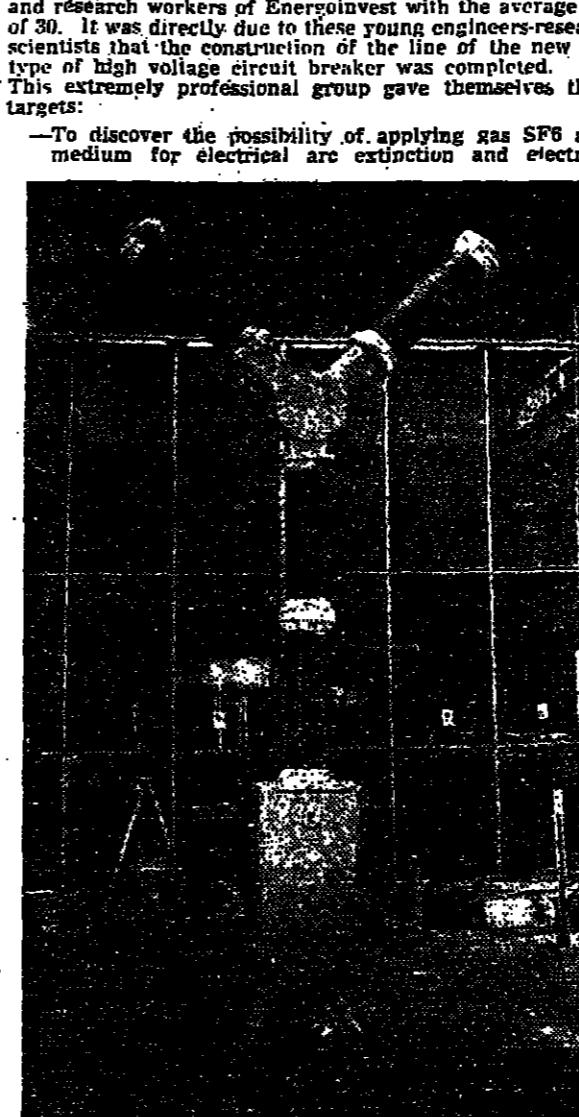
On the basis of interrupter element and operating mechanism taken over from the apparatus type SFE, the same team have also constructed the SFT type of circuit breaker, which is built into gas insulated metal enclosed switchgear, rated voltage 128/145 kV. These installations have been produced for the last two years by the Energoinvest electrical apparatus factory and supplied to the electrical industries throughout Yugoslavia.

The SF6 circuit breakers, type SFE and SFT were subjected to extensive tests in home and foreign laboratories and they satisfied all the conditions laid down by the IEC standards, as well as many other national standards. Very significant results were obtained during switching tests carried out in the Dutch KEMA laboratories. For example, on one breaking unit of these circuit breakers the rated breaking capacity of 31.5 and 40 kA was confirmed on the basis of the rated voltage 145 kV and the possibility of an efficient interruption of short circuit current of 50 kA was proved. The breaking time of the busbar fault did not exceed two cycles of a.c. current (50 Hz). Contact erosion was very slight. The results of the tests carried out, bearing in mind the simplicity and toughness of the breaking element and service life mechanism, justified the expectations that the breakers of the types SFE and SFT in service life will have a high degree of reliability, together with a significant reduction in inspection and maintenance.

In all the development stages of the new SF6 breaker experts of the Energoinvest's institutes were in close co-operation with the relevant factories of Energoinvest: Tovnica Elektrosparsata (electrical apparatus) and Tovnica Elektrotehnečkog Porcelana (electrical ceramics). In this way they succeeded in carrying out the whole project from early design stage to the finished unit. This resulted in early completion which is very unusual for development work of this nature. As a result Energoinvest electrical apparatus factory has included the breakers of the types SFE and SFT into full production much earlier than originally planned.

Co-operation between the production units and scientific institutes within Energoinvest gave excellent results which are of great value for the Yugoslav economy in the widest terms.

Further information, including the film concerning this article may be obtained from: Public Relations Office, Energoinvest, POB. 158, 71000 SARAJEVO, Yugoslavia and Energoinvest, London Office, Imperial Building, 56 Kingsway, London WC2B 6DX.



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Jugoslovenska Investiciona Banka, jointly with Jugoslovenska Banka, will also finance the new power programme over the 1977-1985 period to the value of 44.2 billion dinars. For implementation of this programme foreign credits will be provided for procurement of equipment to the amount of 14.2 billion dinars;

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STATEMENT OF CONDITION (as at December 31, 1976 in '000 dinars)		
Assets	Liabilities	
Cash and other liquid assets 5,824,983	Funds 6,971,950	
Obligatory reserve and deposits with the National bank of Yugoslavia 6,595,338	Sight deposits 40,857,189	
Time deposits and securities 2,906,509	Time deposits 33,640,564	
Short-term loans 22,707,519	Securities 1,224,808	
Long-term loans 65,001,439	Short-term borrowings 2,240,562	
Working capital and fixed assets 634,419	Long-term borrowings 15,559,393	
Other assets 10,575,342	Other 9,751,901	
TOTAL ASSETS 117,546,347	TOTAL LIABILITIES 117,546,347	
Contra Accounts 86,601,517	Contra Accounts 86,601,517	
TOTAL 204,147,864	TOTAL 204,147,864	

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YUGOSLAVIA IV**Five Year Plan
unfolds**

THE CURRENT five-year plan (1976-1980) has six priority sectors: energy, food, raw materials, machine building and shipbuilding, transport, and international tourism. The plan, however, is only a broad outline of objectives and policies. It is filled out by detailed agreements, so called compacts, between all interested parties.

In the energy and raw material sectors up to six compacts have been envisaged: electric energy, coal and new types of energy; oil and gas; ferrous and non-ferrous metallurgy; non-metals and basic chemicals. Of them, the federal parliament has confirmed two: on non-metals and basic chemicals. Consensus has been reached on electric energy, coal and new types of energy and on non-ferrous metallurgy, and these will be confirmed soon. The rest are still being negotiated.

In non-ferrous metallurgy, the compact awaiting confirmation foresees an average annual rate of growth during the five-year period of 11 per cent.

Investments

To carry out the programme, new investments of YD24,500m. at 1975 prices would be needed. Another YD1,000m. would have to be invested in facilities to start after 1980. Where this money will come from has yet to be stated. New arrangements seem to be ruled out for foreign credits to be taken and repaid in raw materials as in the past, following criticism of this practice. The aim is to increase the degree of processing of non-ferrous ores and metals, especially for export.

Numerous difficulties have dogged the ferrous metallurgy compact. The medium-term plan only says that about 80 per cent of the Yugoslav consumption of steel products should come from local production and that the development of ferrous metallurgy should be based mainly on local ores. It was left to the republics and provinces to agree on the exact volume of produc-

tion and on the product mix (power stations) to 18,448 MW. Two key problems have yet to be ironed out: what Yugoslav thermo. Total power production of iron ore should be increased from 3.75m. to 12.00m. tonnes, and how much of it should be imported; and what the capacity of the steel rolling mills should be increased from 41.09 to 70.68m. kWh so which is not produced by local

As far as energy is concerned, it was first planned to have one compact covering all the priority sectors. Measures to be ironed out: what Yugoslav thermo. Total power production of iron ore should be increased from 3.75m. to 12.00m. tonnes, and how much of it should be imported; and what the capacity of the steel rolling mills should be increased from 41.09 to 70.68m. kWh so which is not produced by local

In addition to constructing new power plants (including

structing power plants and high voltage transmission lines between Kosovo and Germany.

The second compact on oil and gas, may be further split in two or even three; on crude oil production, refineries, and gas.

The most controversial item is the construction of new refineries. By 1980, as stated in the plan, Yugoslavia would consume about 16.5m. tonnes of crude oil and should have refining capacity for some 23.5m. tonnes, so that capacity utilisation would be around 80 per cent.

As far as crude oil is concerned, consumption by 1980 should increase from 12.0m. to 18.6m. tonnes and local production from 3.75m. to 4.6m. tonnes, while consumption of natural gas should increase from 1.55 to 7.58m. m³, and production from 1.58 to 3.03m. m³. The difference between the two would be imported from OPEC countries and from the USSR.

The federal Government has announced that agreement in principle has been reached with

republics and provinces to

stimulate the development of

the priority sectors. Measures

will include preferential tariffs

for the import of equipment

which is not produced by local

industry. These sectors will

have priority in foreign credits

and will have the right to purchase the foreign exchange they

need to buy foreign equipment

and repay credits taken abroad.

Part of their short-term liabilities will be converted into long-term liabilities. They will also

have priority in exchanging

their securities for cash. Should

priority sectors encounter tem-

porary difficulties in exporting

their goods because of slack

demand or low prices they will

be able to get credits for stock-

piling their products until con-

ditions improve. They may also

get help in selling their prod-

ucts. Finally, their develop-

ment will be also stimulated

through price policies.

A.I.

**Big effort aimed
at agriculture**

ALTHOUGH the number of people employed in Yugoslav agriculture has steadily declined this century, the industry has one of the highest priorities within the country's long-term development plan, with increasing emphasis on linking industrial production with agriculture.

Planners admit that the development of the agricultural-industrial sector has not been satisfactory in recent years, and that the inability of the country to meet its own demand for food has been one of the causes of overall economic instability.

However, the autonomy of Yugoslavia's component states and its industrial and agricultural units makes it undesirable for the central Government to intervene too strongly in agricultural production. It is felt that a policy of co-operation between the various units, and some guidance in the form of central price fixing, will eventually have the desired effect.

There is little apparent compulsion in Yugoslavia's agricultural policy, although there is clearly some concern over the private sector. Private farmers have in recent years been encouraged to co-operate more closely with collective projects, but in 1973 a total of 85 per cent of arable land and about 90 per cent of livestock belonged to this type of holding. Nearly 70 per cent of the overall value of agricultural production was produced on individually owned holdings.

For that reason it is pointed out that this sector's investment level, which is regarded as too low at present, can have a great impact on future output. It is also regarded as necessary, through economic policy, to intensify the private farmers' integration with agricultural combines which are able to provide capital for modernisation and plant for food processing.

The "social sector," it is envisaged, will increasingly provide overall plans within an agricultural combine, for the realistic in view of food short-amount and type of produce specified for the private sector because of the need to improve on the other.

Modernisation is the key to the development programme, but despite great advances in envisaged as not lower than 3.5 per cent a year.

At present a fairly high proportion of privately owned land is in contractual production of this kind, but to maximise yields the authorities would like to see this proportion steadily increase.

The prices paid to individual producers are, according to officials, formed freely on the market for about eight basic products and at the same time standard prices are established. If the difference between the two becomes too great there is compensation by the Federal Government.

Protective prices are used to maintain levels of production and if this is too high, the Federal Government steps in to buy surplus production.

Yugoslavia's long term development policy, until 1985, recognises the strategic importance of food production and its significance for the economy as a whole as well as for the balance of payments, and says that special attention will be devoted to the development of the agricultural-industrial complex.

Planners admit that the need for new technology in agriculture combines are large enough to generate enough capital to fast development. Under the autonomous nature of government, each combine is expected to generate enough to further its own development.

A good example of this policy being put into practice is a recently completed deal between a major agricultural-industrial combine, Servo Mihajl, and the

Yugoslav agricultural process company CPC. Under the deal CPC has provided technical expertise for a plant which will process corn into a number of products such as starch and sweeteners, greatly improving the end value of the corn and at the same time providing products which can be exported if necessary.

The deal also underlines the need for new technology in Yugoslavia. While the agricultural combines are large enough to generate enough capital to fast development. Under the autonomous nature of government, each combine is expected to generate enough to further its own development.

Up until 1973 joint-ventures were seen as an interesting experiment but have now become fairly widespread. Their success is largely due to the degree of freedom allowed to Yugoslav enterprises, which allows them, for example, to share profits to a Western partner through their ability to retain a proportion of foreign currency earnings.

The Yugoslav Government has recently indicated, through new legislation, that it intends to gently encourage deals of this kind, particularly those which are likely either to create exports or products which will reduce the level of imports.

The increasing confidence in Yugoslav currency is also an important factor in deals of this kind.

An interesting aspect of the CPC deal with Servo Mihajl, which is one of many which major American and European

companies have carried out

recently, is that it runs for 30 years. For a company as successful and cautious as CPC, this is an encouraging sign for Yugoslav agriculture.

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YUGOSLAVIA V

Tourist demand at a watershed

ILY 26m, or seven per cent more foreigners entered Yugoslavia in 1976 than the year before, but they spent 7 per cent fewer nights than in 1975. Nevertheless, foreign tourist earnings from tourism had 4 per cent (in convertible currencies 5 per cent) in officially registered 1976. This does not take account of earnings from port and private rooming and services, which may bring total earnings per year to \$1bn, about the same, or slightly more than in 1975.

It means that the tourist industry, which in the 1960s and early 1970s was one of the dynamic industries, was at least stagnating in 1976. Prospects for 1977 are not very good, but tourists believe that 1978 or at least 1979 will bring a change for the better.

Nothing is being done to secure new hotels are being built in the current season 20,000 beds have been added, not fitting those in camps and in private sector. Foreign

tourists can buy petrol with a 10 per cent rebate. Transport services have been improved, border crossings opened (a total of 102), 16 airports in the country are open for national traffic, and visas have been abolished with more countries (in Europe only Greece and Albania have not yet reciprocally abolished them, but Spain may do so).

The emphasis in recent years has been on improving the quality of services. Yugoslavia can readily admit that in respect much should be done in hotels, shops and the like. They have been working to educate people who come into contact with tourists to be simple truth that their future is one of the decisive factors in the growth of the industry.

Aphasi

Efforts on offer are much more diversified than a few years ago, when the main axis was on developing the Adriatic coast and selling "sun, sand and sea". Other parts of the country have now been opened and new roads, hotels and restaurants constructed. Tourists choose between the coast and the mountains, lakes, etc. with special interests.

Organisations, go on

excursions, coach tours, excursions

and cultural monuments or

festivals, the best known

which is the Dubrovnik

Festival. There are

arrangements for bird-watching,

hiking, horse-riding, farmhous

es, and many others.

There are also many other

ways to compare various locali

ties, a few months ago.

Tourist

organisations, the Govern

ment do not see eye to eye as to

the wisdom of this.

The first months of 1977

showed a further decline in the

number of foreign tourists, but

experts discounted this as

simply the continuation of last

year's trend. Recent reports

about bookings indicate that

for most countries 1976 figures

would be reached or surpassed.

This is especially true of

arrivals from Italy, France or

Denmark, where 1976 brought a

sharp increase in the number of tourists

to towns and cities, both on

the coast and inland, have built

units for international con

ferences and conferences. There

are also many other

ways to compare neighbouring countries, as this

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FINANCIAL TIMES

Thursday, May 26 1977

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Leyland 'has found no bribes evidence'

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH Leyland has so far discovered no evidence of bribery or corruption during the intensive investigations undertaken by the company following the "slush fund" allegation last week.

Underlining this message at the annual meeting yesterday, Sir Richard Dobson, Leyland chairman, said that the company expected to be cleared of the "charges and innuendos" levelled at it.

"So far, we have found no evidence to suggest that any payments have been made other than to the company's accredited agents or representatives in the ordinary course of business."

"Our distributors and agents overseas, many of whom have been with us for a long time, are remunerated at agreed rates of commission relating to services required of them; these services may include carrying stock of vehicles and parts, sales promotion and after-sales service as well as provision of local knowledge."

Sir Richard's statement follows the establishment of a comprehensive investigation of the company's overseas payments in the period since the new Board took over in 1975.

This inquiry, which is going alongside a similar investigation by the National Enterprise Board, Leyland's majority shareholder, will take at least another week to complete.

But Sir Richard's confident statement yesterday indicates that the company believes it will be able to supply sufficient answers to the allegations to give it a clean bill.

Despite the recent storm over the company, the meeting, attended by about 200 shareholders, was much more placid than in recent years.

Sir Richard, the former BARTS chairman, smoked a pipe throughout the proceedings.



Mr. Alex Park (left), chief executive, and Sir Richard Dobson, chairman of British Leyland, arrive at the Dorchester Hotel for British Leyland's annual meeting.

With certain other property and investments these holdings make Kuwait one of the largest institutional investors in Britain.

Since the middle of last month investors have been obliged to notify companies when they hold 5 per cent or more of any class of their voting capital. Previously only stakes of 10 per cent or more had to be disclosed.

Kuwait, whose British investments (apart from St. Martins) had previously been virtually unknown in composition and size, has revealed a long-list of shareholdings, almost all of between 5 and 10 per cent.

These disclosed holdings are together worth more than £200m, but Kuwait has substantial shareholdings in addition which have

been successfully parrying efforts by the group representing the 100,000 small shareholders to get Board representation and access

of the new car organisation that it should be run as an integrated business.

He added, however, that the company would be trying to "foster local feeling" in the various operating plants in the car group's hint that Mr. Varley, Industry Secretary, who is due to make a statement on Leyland in the Commons to-day, will recommend a move away from a functional towards a plant organisation in the cars group.

Sir Richard told shareholders that the company made a loss in the first quarter of this year because of the month-long toolmakers' strike.

But stocks were now building up to an adequate level.

"Continuity of work and improved productivity continue to be absolute pre-conditions of the survival of British Leyland," he said.

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